


AR09

TRADERS

GROUP LIMITED





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Rapport annuel

Si vous désirez recevoir un exemplaire en français du rapport annuel Groupe Traders Limitée, veuillez vous adresser au service des finances, Le Groupe Traders Limitée, 625, rue Church, Toronto (Ontario) M4Y 2G1.

CONSOLIDATED HIGHLIGHTS

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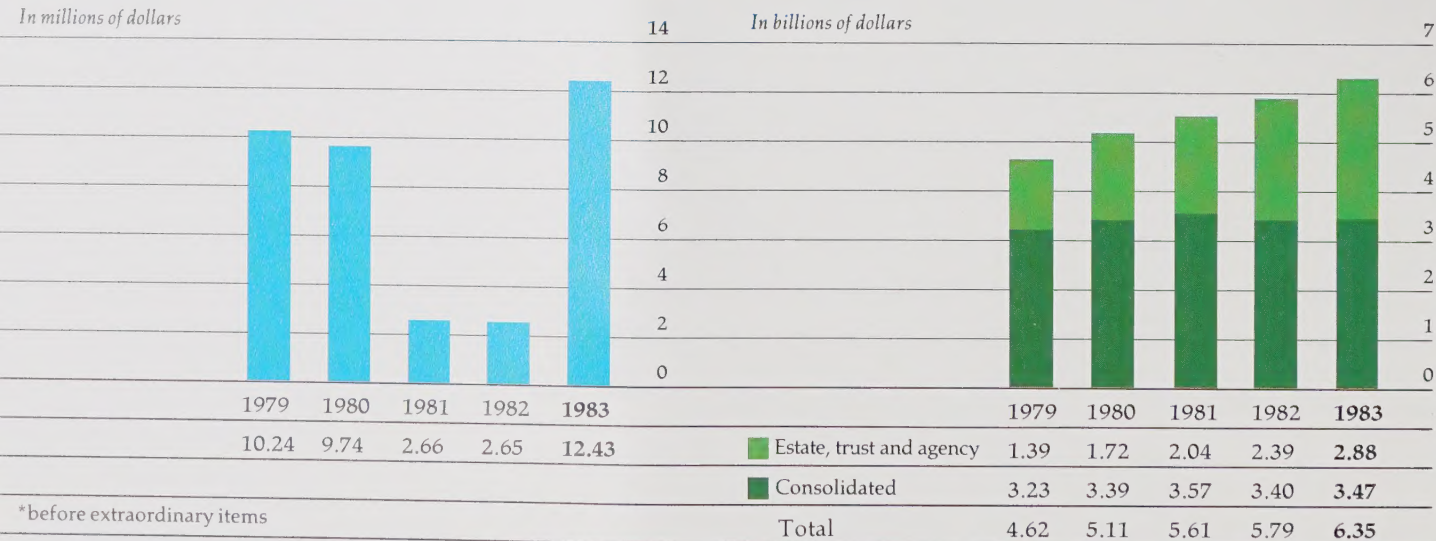
	1983	1982
Consolidated gross income	\$ 603,710,000	\$ 639,192,000
Consolidated net income before extraordinary items	12,432,000	2,654,000
Extraordinary items	9,660,000	—
Consolidated net income after extraordinary items	\$ 22,092,000	\$ 2,654,000
Earnings per common share before extraordinary items	\$ 1.98	\$ 0.04
Earnings per common share after extraordinary items	3.88	0.04
Dividends declared per common share	0.40	0.40
Return on average common equity	16.77%	0.16%
Assets under administration		
Consolidated	\$3,472,195,000	\$3,399,844,000
Estate, trust and agency	2,881,340,000	2,385,385,000
Total assets under administration	6,353,535,000	5,785,229,000
Consolidated shareholders' equity	157,476,000	140,543,000
Weighted average number of common shares outstanding	5,078,000	5,067,000
Net Income (Loss) by Line of Business		
Trust Company	\$ 6,950,000	\$ 2,719,000
Guaranty Properties	1,072,000	1,002,000
Insurance Group	2,432,000	1,428,000
Finance Group—continuing operations	11,638,000	(905,000)
—factoring operation	—	(1,590,000)
Net income	\$ 22,092,000	\$ 2,654,000

Consolidated net income*

Assets under administration

In millions of dollars

In billions of dollars



CHAIRMAN'S REPORT TO SHAREHOLDERS

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I am pleased to report that your Corporation achieved outstanding results in 1983. Net income amounted to \$22,092,000, compared with \$2,654,000 in 1982. This translated into \$3.88 per common share, compared with \$0.04 in 1982. Total assets under administration increased by 10% to \$6.354 billion.

Our profit performance included an extraordinary after-tax gain of \$7,500,000 on the sale of our investment in the Alexis Nihon Plaza, Montreal. We were offered an attractive price for this property, and decided it was timely to sell and direct the proceeds to other opportunities.

The underlying operational strength of Traders is evidenced in the earnings of our Companies. Better matching of assets and liabilities, combined with more acceptable interest rate spreads, enabled our trust company to increase its contribution to consolidated earnings substantially to \$6,950,000 from \$2,719,000. Our finance group benefited from lower interest rates and the divestment in recent years of unprofitable business areas, thus enabling us to reduce costs and refocus on growth areas. The result was an \$11,638,000 profit, including extraordinary items, reversing the \$2,495,000 loss of the previous year. Our insurance group improved premium volumes and reassessed certain product lines in a very competitive marketplace, producing a \$2,432,000 profit, compared with \$1,428,000. Our real estate company was able to maintain its profitability, resulting in a profit of \$1,072,000 compared with \$1,002,000, in spite of adverse markets.

The general recovery in the Canadian economy last year underpinned our corporate performance, especially reduced inflation and stabilized interest rates at more tolerable levels. Consumer spending and house purchases responded to the more encouraging economic environment, though new business loans remained soft, with most companies taking advantage of lower rates to rebuild weakened balance sheets. Credit losses continued at levels higher than normal, stemming from problems in previous years.

Overall we have rationalized our core businesses and curtailed costs, positioning us to benefit from economic growth, or remain profitable should difficult economic times return.

The Canadian marketplace for financial services is undergoing major changes. All financial intermediaries are competing more intensively for a share of each other's traditional markets. Trust companies are no exception. There is an urgent need for new federal legislation that will broaden the range of assets in

which we are permitted to invest. The trust industry, one of the genuinely Canadian-owned industries, has been waiting since 1976 for a contemporary Act that will enable us to respond to the financial environment that now exists. A draft bill, thoroughly revising our legislation, was tabled in Parliament nearly two years ago. Unfortunately, it has been announced that the bill will not be introduced until after the next election. This could mean a further two-year delay. Consequently, we find ourselves marking time, while our competitors in other financial sectors race ahead to expand their spectrum of services.

In the aftermath of the Greymac, Seaway and Crown Trust affair, the Ontario government plans to introduce new provincial loan and trust companies legislation. The Trust Companies Association of Canada strongly supported Ontario's actions in trying to protect the interest of all depositors in these companies. Ontario has examined the basic issues underlying federal legislative proposals and concluded in a White Paper that "provision should be made to broaden and extend investment and lending powers as capital base, borrowing multiples and financial and other resources are expanded, and to give maximum investment powers to trust corporations with proven resources, management and experience".

Significantly, Ontario also concluded that limitations on the share ownership of trust companies would accomplish little. What is required is clarity and strength in conflict of interest rules. To ensure conformity, the powers of the regulators need strengthening. The Trust Companies Association will continue to offer its assistance to the government in formulating appropriate legislation.

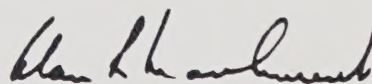
Traders has long recognized that public confidence in our businesses requires us to adhere to the highest ethical standards. Three years ago, senior management prepared a mission statement that codifies for employees the attitudes and aims of our Corporation. In the wake of the Ontario trust companies

affair, and in the context of legislative change, it is appropriate to restate the values that have shaped our corporate culture.

The overriding theme we stress is one of quality in our products and services. This entails timely, accurate, consistent, courteous and personalized service to our customers. We emphasize a theme of stewardship to ensure the security of the customer's assets, and confidentiality of information with respect to the customer's affairs. To reinforce these attitudes, we promote an organizational style that focuses on individual responsibility, encourages innovation and links individual success with corporate success. We want our employees to identify with their Company and its values, and to take participatory pride in its achievements for the financial benefit of shareholders and the service and product benefits to our customers.

Finally, we anticipate that the Canadian economy will continue to grow in 1984, and that interest rates will remain relatively stable. Our goal is to reduce both the level of non-productive loans and credit losses. Our estate, trust and agency business should continue to expand, while the projected increase in housing starts should benefit Guaranty Properties. The insurance group is in a cyclical business, which is sensitive to economic events and industry competition. We are confident of retaining and enlarging our market share through the aggressive marketing of selected product lines. Our finance group is operating at a lower cost level and we are optimistic of favourable profit growth. Overall, 1984 should be another year of good profit growth for your Company.

May I thank our directors, shareholders, employees and customers for their confidence and valued support during the past year.



Alan R. Marchment
Chairman of the Board and
Chief Executive Officer

SENIOR MANAGEMENT



Left to right: Michael A. Hasley, Executive Vice-President, Guaranty Trust; J. Douglas Derbyshire, Senior Vice-President, Finance Group; Robert E. Bethell, President and Chief Executive Officer, Canadian General

Insurance Group; E. Wallace Flanagan, President; Ernest Bodnar, President and Chief Executive Officer, Guaranty Properties Limited; Edwin W. Austin, Senior Vice-President, Finance and Administration.

GUARANTY TRUST COMPANY OF CANADA

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M. A. Hasley,
Executive
Vice-President,
Guaranty Trust

In a year generally characterized by continued high credit losses and depressed loan demand, Guaranty Trust's intermediary assets grew 6%; estate, trust and agency assets under administration increased 21%; and net income available for common shareholders from these two activities more than doubled from \$2.7 million to \$7 million.

Investment spread increased from 1.06% to 1.80% on a tax equivalent basis. Combined with asset growth of 6%, the spread in dollar terms grew from \$46 million to \$65 million, an increase of 41%.

Fee income, excluding real estate brokerage, rose from \$21 million to \$23 million. This modest increase masked two divergent trends, in Corporate Trust and Personal Trust Services.

Corporate Trust Services had a dramatic increase, with Transfer Services recording a 30% growth, to \$9 million, and Pension Services fees increasing 37% to \$3.3 million. Personal Trust Services, including Investment Funds Services, were expected to decrease (a) as a result of a major chartered bank taking its RSP accounts in-house in the second half of 1982 and (b) as the trend continued to more broker RSP plans replacing self-directed plans with Guaranty Trust.

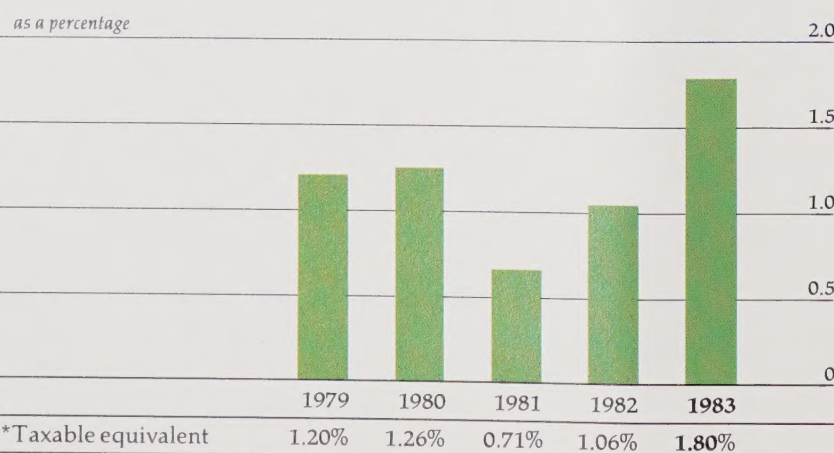
Non-interest expenses, excluding credit losses and real estate brokerage, increased 19%. Although the Company adhered to the 6 & 5 salary administration guidelines suggested by the Federal Government, salaries increased 15% because of additional personnel in the two corporate service growth areas mentioned above, as well as increments to the Consumer Lending area to handle the new and renewal loan volume of over \$800 million during the year, approximately double that of 1982. Additional investments for future growth occurred in training and development, marketing, and data processing.

Credit losses remained virtually unchanged from a year ago. However, the components of this number changed significantly in 1983. We added \$4 million to our reserve for Turbo Resources Limited, thereby fully reserving our \$5 million loan balance. We intend to pursue the recovery of this loan aggressively but have adopted a conservative approach due to the prospect of lengthy litigation against Turbo's principal banker. Additions to specific reserves for other loans decreased substantially from a year ago, as did the general level of delinquency. In particular, total arrears in the Company's largest portfolio, residential first mortgages, declined to less than one percent.

Net interest income and spread

In thousands of dollars	1983	1982	Variance Positive (Negative)	
			Amount	%
Interest income	\$311,899	\$346,555	\$(34,656)	(10)
Interest expense	249,324	300,279	50,955	17
Net interest income	62,575	46,276	16,299	35
Taxable equivalent adjustment	2,602	—	2,602	—
Net interest income (TE)	\$ 65,177	\$ 46,276	\$ 18,901	41
Interest rate spread (TE)	1.80%	1.06%	0.74%	70
Analysis of variance	Volume	Rate	Total	
Interest income	\$13,092	\$(47,748)	\$(34,656)	
Interest expense	(9,963)	60,918	50,955	
Net increase	\$ 3,129	\$ 13,170	\$ 16,299	

Interest rate spread*



Non-productive loans have shown a significant decrease from a peak of \$36 million earlier in the year, and now total \$23 million, net of specific reserves. Progress is being made in clearing the legal backlog which, combined with few new problem accounts and gradually improving markets, should result in major reductions in non-productive assets in 1984.

Consumer Lending

Total loans at the end of 1983 amounted to \$1.2 billion. Residential mortgages increased 15%, to \$824 million, while consumer loans declined marginally to \$369 million. The VISA operation had a most successful year, increasing the number of customers to over 30,000. Because of our 'no fee' policy, plus a very competitive interest rate for credit cards, we anticipate strong and profitable growth in this area.

Corporate Lending

Loan demand was very light during the year, reflecting the economic conditions and mirroring the experience of the banking system. Our efforts were concentrated on our non-productive loans, reducing delinquency, and a considerable effort in training field personnel. Total portfolios approached the \$1 billion level, with the main increases being in Dealer Services (automobile wholesale inventory financing), and the transfer (in March, 1983) from Traders of the remaining equipment

financing portfolio of \$35 million. We are anticipating the economic recovery to spur plant and equipment expenditure in 1984, but at fairly modest rates.

Branch Operations

Deposit growth of 5% was satisfactory in a year of extreme liquidity within the financial system, during which most institutions were having greater difficulty investing their funds than they were in attracting them.

The Company opened a new branch on Toronto's Bloor Street (near our executive offices), and major renovations were accomplished in four branches across the country. As part of our continued emphasis on improving our physical facilities, major renovations, relocations and new branches have totalled 31 in the past five years. Upgrading will continue in 1984.

Trust and Investment Services

Guaranty Trust is now transfer agent for more publicly-traded companies on Canadian stock exchanges than any other trust company. This is the result of our FAST system which, with our experienced personnel and service, has enabled us to obtain a rapidly increasing market share.

Our pension service business grew by 75% in 1983—a combination of more investment management accounts and a dramatic increase in our Master Trust activity. In the latter field, superior computer systems again combined with a dedication to complete, professional service to attract major new clients.

In both Transfer and Pension services, the new business attracted in 1983 will only be fully reflected in 1984 fee results. Accordingly, with the momentum

Credit losses and allowances

December 31

<i>In thousands of dollars</i>	1983	1982
Credit loss expense:		
Net losses	\$ 4,556	\$ 2,854
Change in allowance	4,177	5,530
	\$ 8,733	\$ 8,384
Allowance for credit losses	\$14,956	\$10,237

in terms of new client acquisition continuing, we are looking to significant growth in the coming year.

Asset/Liability Management

An important contributor to the Company's profitability is the degree to which assets and liabilities are adequately matched at a positive spread. As the table on page 39 indicates, dramatic improvement in matching was made in 1983. Assets which are rate-sensitive, or which mature within one year now account for 66% of the total (up from 63%); and the mismatch in this category is now \$11 million excess assets versus \$218 million excess liabilities a year ago.

To a very large degree, the Company is now insulated against swings in interest rates, although we are still not obtaining an adequate return on our long-term government bonds and NHA mortgages. These long-term assets, with an initial term of greater than 5 years, totalled \$213 million at year end, and reduced our earnings by approximately

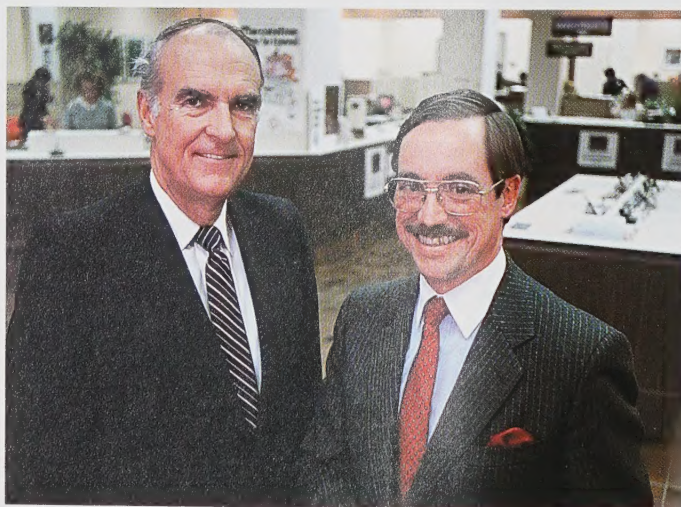
\$5 million after tax. However, \$73 million of these assets will mature within the next five years and prepayment or opportunities to dispose of them may accelerate this progress.

Liquidity and Capital Adequacy

The Company has additional liquid assets of \$112 million in excess of those required by statute. In terms of capital adequacy, the Company is in a strong position. Our ratio of assets to capital and general reserves stands at 19.2:1, although we are permitted under our legislation to go as high as 25:1. Thus, we have the capacity to take on \$788 million of additional deposits, which will permit considerable profit growth without dilution to shareholders through the need for additional capital.

Outlook

Increased profit from fee-for-service business, lower credit losses, and the reduction of non-productive loans and low-yielding assets mentioned above, all should augur well for 1984. While we shall continue to invest some of these improved results in training and development, data processing and marketing, we expect that we will again show marked profit improvement.



E. W. Flanagan, Vice-Chairman, and M. A. Hasley, Executive Vice-President, in our relocated Edmonton Branch.

GUARANTY PROPERTIES

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E. Bodnar,
President and Chief
Executive Officer,
Guaranty Properties
Limited

Guaranty Properties' major interests are land development, income properties, realtor sales, and property management. During the year, land development activities were somewhat stronger than expected, with increased sales; and realtor sales showed a modest profit.

In the past, Guaranty Properties acquired considerable land in Ontario, Western Canada and Florida. The majority of the Company's assets are presently in land holdings, and the remainder in income producing properties. The Company's new policy is to modify this balance over a period of time so as to emphasize income producing properties in high productivity major metropolitan markets.

Guaranty Properties is currently engaged in a number of activities:

Land Development

Clients are merchant residential builders, industrial builders, and commercial and industrial end users. Guaranty Properties' philosophy is that its lands must be developed in a manner that is acceptable to the community in which we are located.

Mississauga, Ontario - Joint Venture
The Company is jointly developing 2100 acres of excellent industrial/residential land; and site development and sales are already under way.

Orlando, Florida. This 1800-acre joint development will be primarily residential, with some commercial land. Nearly 7000 residential sites have been approved, with the development projected over six to seven years.

Ottawa, Ontario. The Company is currently developing Greenboro, a residential subdivision. Serviced land has been sold, and homes are being constructed.

Metro Toronto East, Ontario. A residential and industrial joint venture in Markham and another joint venture in Pickering are both developing well.

Edmonton, Alberta. As the economy improves, the Company's suburban development of Clareview should accommodate a major mall. Meanwhile, residential lands are being marketed.

Income Property

Deer Run Shopping Centre, Mississauga, Ontario. This community-sized facility has a Safeway store as its principal tenant; and several tenants opened late in 1983. Guaranty Properties held a long dialogue with both the community and local government, to help ensure that Deer Run's architectural design was harmonious with its neighbours; that existing mature trees were maintained; that traffic patterns were acceptable; and that an optimum balance of business and community interest was achieved.

Guaranty Trust Realtor

This Division, which enjoyed a profitable year, deals in all facets of real estate sales. There are 12 Guaranty Trust Realtor branches, all in Ontario; and Relocation Service Centres in Toronto and Calgary.

Property Management Division

This Division manages retail/commercial, office, industrial, residential and other investment properties for owners on a contract-fee basis. It also manages the Company's corporate, commercial and residential properties.

FINANCE GROUP

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J. D. Derbyshire,
Senior Vice-President,
Traders Group
Limited

The Finance Group is comprised of \$328 million of assets managed by Trans Canada Credit, and \$85 million of commercial assets, primarily leases.

Trans Canada Credit is a personal loan company which provides direct loans, mortgages and sales financing to the public through 141 branches located in all provinces of Canada. During 1983, Trans Canada Credit benefited from significantly improved income margins, branch consolidation and loss control, and returned better than expected levels of profitability.

Although Trans Canada Credit competes with lenders offering lower rates, its marketing strength is in both its well trained and experienced personnel, and in a well developed credit and administration process which permits a strong commitment to personal services. In turn, this produces lasting customer relationships and considerable repeat business.

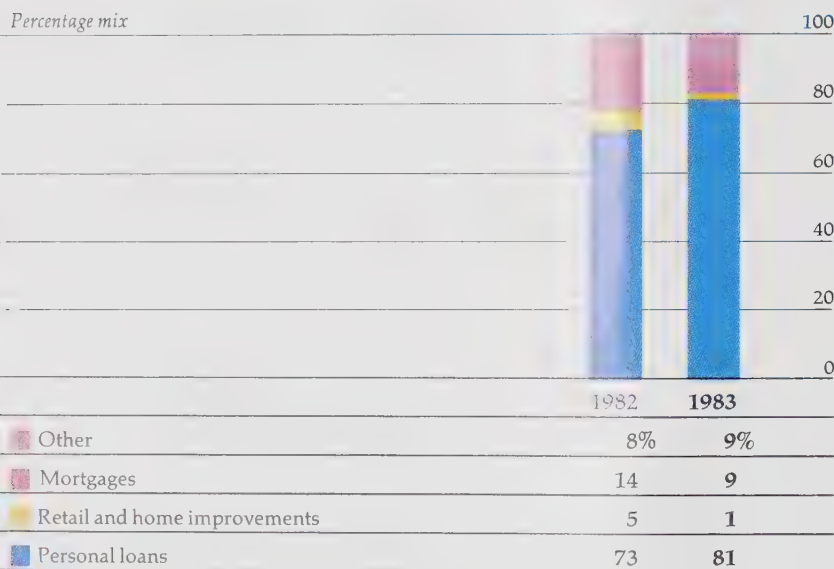
Most of our Trans Canada Credit employees have grown up in the community in which they are working. They know the local cultural and economic conditions, and are therefore able to adapt our national policies to local customer needs. Because this sensitive form of credit management requires greater tolerance to customer difficulties, it does result in higher delinquency standards than our trust operation. However, through constant attention to recency of payments, losses are managed within acceptable levels.

In 1983, consumer receivables grew by 3.6% after the sale of \$27 million of mortgages to Guaranty Trust. Gross income yields, supported by sales of insurance and other services, increased, reflecting the effect of aggressive pricing and a more profitable portfolio mix. Lower interest costs also contributed to a much improved income margin. Of even greater satisfaction, however, is the improvement in delinquency levels, which is a promising indicator of good loss control for the coming year.

Higher overall employee productivity through branch consolidation resulted in a reduction of general and administrative expenses of \$1.8 million, or 5%. The result of these activities and conditions contributed to a substantial improvement in the net income of the Finance Group for 1983.

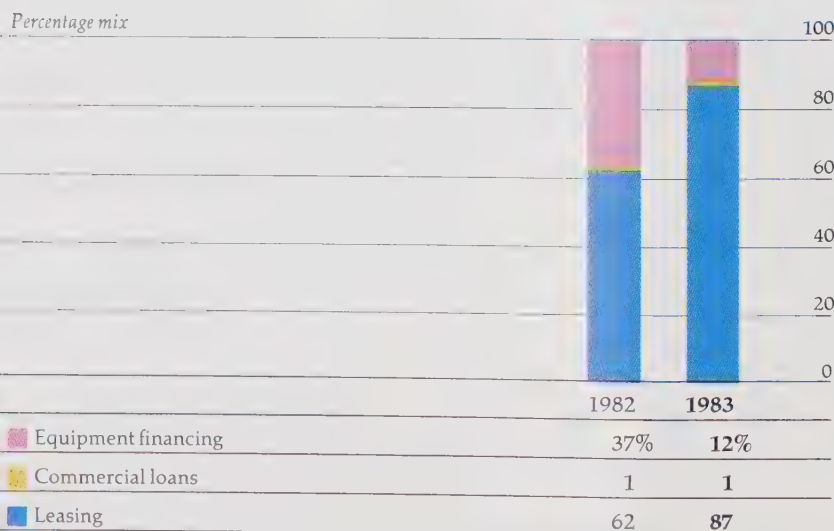
Consumer finance receivables

Percentage mix



Commercial finance receivables

Percentage mix



FINANCE AND ADMINISTRATION

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Edwin W. Austin,
Senior Vice-President,
Finance and
Administration,
Traders Group
Limited

In addition to the general financial management of the Corporation's affairs, the mission of the various Finance and Administration Departments involves two core functions: financial control and legislative compliance assurance; information technology—development and operations.

As a responsible Corporation Traders Group Limited places great emphasis on ensuring compliance with both the letter and spirit of the legislation governing its operations, as well as on its stewardship responsibility to its customers in terms of safeguarding the security of a customer's assets and the confidentiality of information with respect to a customer's affairs. Hence, considerable corporate resources and efforts are directed toward internal control protective mechanisms and compliance checking and testing.

The Corporation is well staffed with highly trained and qualified personnel from the fields of accounting, auditing, law, and computer systems. Our Internal Audit Department uses the most modern computer-assisted auditing techniques, as well as traditional on-location surprise audits. In 1983, some 45,000 hours of internal and external audit staff time were devoted to evaluating internal controls and testing compliance with legislation governing our various operations as well as adherence to corporate policies and procedure.

The Department cooperates and consults extensively with our external auditors, Price Waterhouse, to ensure the integrity of client and corporate assets. In addition, through extensive and intensive analysis and scrutiny of transactions, as well as analysis of operating results compared with budgets, our Controller's Department provides additional assistance in fulfilling the "stewardship" mandate.

Considerable effort is also expended to protect information confidentiality. Our systems development methodology requires a sign-off prior to start-up operations, in terms of the adequacy of computer controls, from Internal Audit

and the Controller's Department. In addition, this year we set up a specialized systems security management function, and will be adding additional resources to this in 1984.

A large part of the service we provide is information—on customer and company assets and account activities related to those assets. Thus, a significant part of our mandate concerns computerized information technology, to enable us to compete in the marketplace in a controlled, consistent, timely and cost-effective manner. That technology must be applied also to providing management with information that enables it to make timely decisions on the basis of reliable facts.

Technology alone, however, will not suffice to ensure maximum utilization and optimization of computer resources. Increasingly, our attention and effort is being applied to planning and preparing an effective interface with systems. The best software and hardware in the world will not work effectively without a carefully thought-out administrative interface, operating through well trained individuals capable of using the system in a creative manner.

It is this perspective that, in our view, prompts and promotes an imaginative utilization of modern technology for the benefit of our clients; and we believe that this approach has been of major benefit in assisting us in marketing our services to our clients. We will continue to focus our efforts on upgrading our information technology, and creating a people interface and environment that maximizes the utilization of this tool.

Finally, it bears restating that we believe as a Corporation that corporate culture has much to do with how effectively we fulfill our mission. The efforts expended in compliance and control, and the development and operation of effective information technology, are made the more effective because of our emphasis on cultivating among our employees a pride in stewardship and a commitment to quality and consistency of service.

CANADIAN GENERAL INSURANCE GROUP

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R. E. Bethell,
President and
Chief Executive
Officer, Canadian
General Insurance
Group

The Insurance Group had a net income before minority interest of \$2,461,000, of which \$1,558,000 is attributable to general insurance operations, and \$903,000 to life insurance operations.

General Insurance Operations

While underwriting results improved marginally over the prior year even after absorbing increased rental costs, 1983 was a disappointing year. Increases in rates in 1982 and early 1983 had led to optimistic expectations for 1983; and the unusually mild winter further supported this positive attitude.

Results for the first six months more than justified this optimism, and the Company enjoyed one of its best periods of recent years. Unfortunately, the second half of the year produced a dramatic increase in claims incurred which reduced our profit position below original expectations.

The increase in claims cost was most evident in the automobile portfolio of

Canadian General Insurance Company, Ontario Region.

Significant losses were also incurred in the reinsurance operations of Toronto General Insurance Company. Notable contributors to this situation were Hurricane Alicia and two serious ice storms in Saskatchewan. Strengthening reserves in the liability pools portfolio also contributed to the overall loss situation.

Traders General Insurance Company produced a significant improvement over the prior year and also exceeded expectations for 1983 by a wide margin. Group operations in the Province of Quebec was the main contributor to this improvement.

1983 was a year of considerable progress in development and extension of computer systems in both General and Life Companies and we now have on-line facilities and equipment in Ontario, Quebec and the Atlantic Provinces. We expect this progress to continue and even accelerate in 1984 in line with our dedication to improved productivity and efficiency.

Operations summary—General Insurance Group

<i>In thousands of dollars</i>	Automobile		Property and Casualty		Total	
	1983	1982	1983	1982	1983	1982
Net written premiums	\$ 67,718	\$ 60,399	\$ 46,340	\$ 44,165	\$114,058	\$104,564
Policies in force	161,719	144,000	160,041	147,000	321,760	291,000
Net premiums earned	\$ 63,188	\$ 59,554	\$ 45,208	\$ 45,316	\$108,396	\$104,870
Claims expenses	51,055	50,751	31,215	32,537	82,270	83,288
Commission & premium taxes	9,487	8,228	10,496	10,668	19,983	18,896
Other expenses	9,463	8,296	8,632	7,044	18,095	15,340
Underwriting loss	\$ (6,817)	\$ (7,721)	\$ (5,135)	\$ (4,933)	(11,952)	(12,654)
Investment income and other					13,228	12,846
Income taxes recovery					282	799
Income for the year before extraordinary item					\$ 1,558	\$ 991
Underwriting loss ratio	10.8	13.0	11.4	10.9	11.0	12.1

We are still operating in the most competitive environment the industry has ever known and this is particularly evident in the industrial market. However, there have been some signs of hardening of reinsurance terms during 1983 and hopefully this will impact on the primary market in 1984 leading to increased premium and profit levels.

The Group continues to meet all statutory and industry reporting requirements and at December 31, 1983 assets exceeded the Department of Insurance solvency test requirements by approximately \$20 million.

Life Insurance Operations

The Canadian General Life Insurance Company enjoyed a very good year in 1983. Total premium income exceeded \$35 million, which was more than 23% higher than 1982's figures.

Individual life insurance production continued to exhibit dramatic growth, and settled new business premiums exceeded \$6 million annually, an increase of 43% over 1982's record level. At year end, individual life insurance business in force exceeded \$4 billion, representing a substantial increase over previous years and continuing the pattern of growth that started with the introduction of an expansion program in 1979. Group insurance first year premium income during the year was \$2.9 million, indicating a growth rate of 34%. Accident and Sickness premium income continued to grow steadily reflecting increased new business activity and the up-dating of existing coverages.

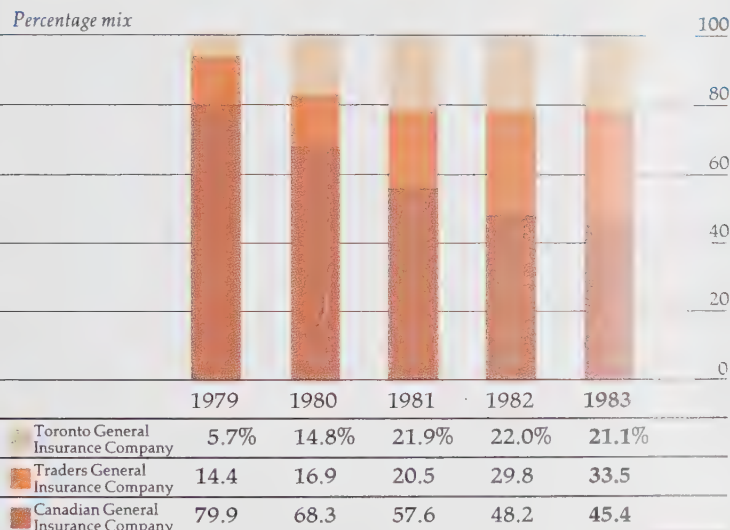
These Individual and Group insurance figures are remarkable results in view of the intense competition that is present in these areas of insurance in today's marketplace.

Both Accident and Sickness claims and Death claims remained within acceptable limits, and operating expenses were well under control.

During the year, we completed the development and successful implementation of a computerized system for the administration of Individual business. This was accomplished, on time, and at a cost that was below budget. The size and complexity of this project put a severe

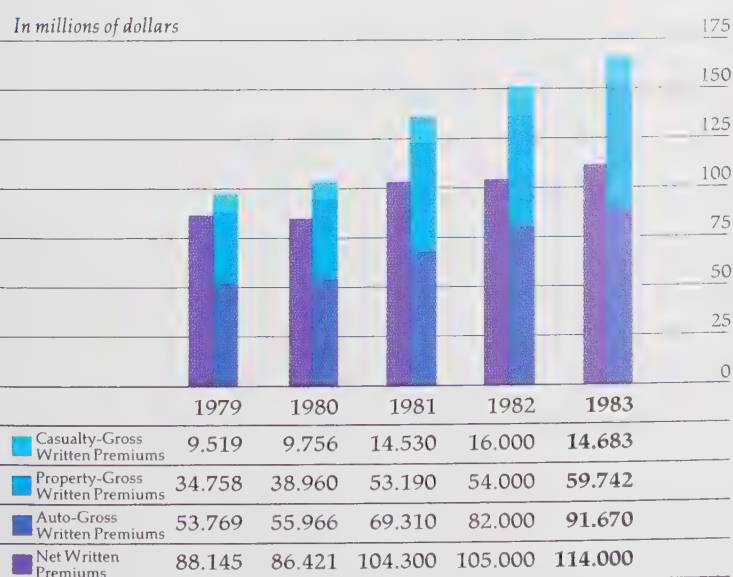
Gross written premiums, by company

Percentage mix



Premiums written, by property/casualty company*

In millions of dollars



*Includes the following companies:
Canadian General Insurance Company
Toronto General Insurance Company
Traders General Insurance Company

strain on personnel throughout the Company; but the job was carried out without any increase in staff, and with no impairment in service to policyholders or agents. It took a good deal of hard work, particularly in view of the robust sales activity that also prevailed throughout the year, and was an outstanding achievement for all those involved.

Total Assets increased by 10.8%, to \$56 million; net investment income declined slightly, reflecting the trend toward generally lower interest rates. Net earnings for the year were \$903,000. This is a satisfactory level of earnings, especially when the substantial investment in new business is taken into consideration.

By the end of the year, the total of surplus and capital was approaching \$11 million, representing 20% of total assets. This is a high ratio by industry standards, and provides a substantial margin for the protection of policyholders.

It is clear that the Company's approach to the marketing of insurance products has

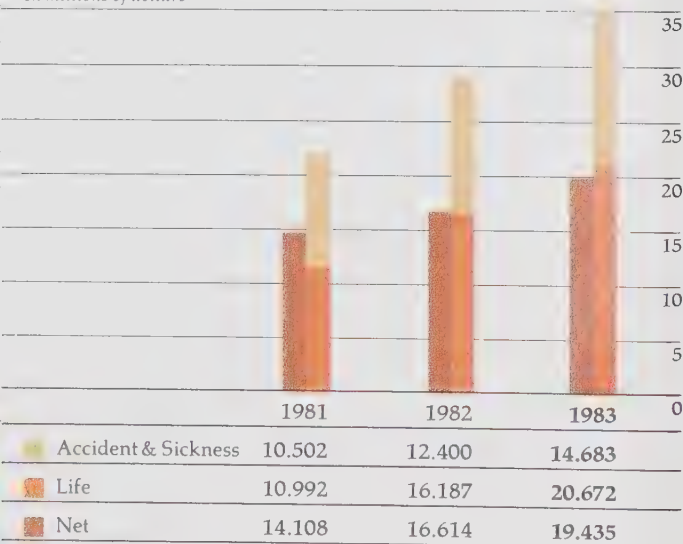
been well accepted by the community of agents and brokers who are responsible for the sale of life and health insurance coverage throughout Canada.

The Company expects to continue the general thrust of making available a portfolio of simple, competitively priced insurance plans, backed by a team of men and women who are committed to provide the public with the very best in service, flexibility, and innovative product design.

CANADIAN GENERAL LIFE INSURANCE COMPANY

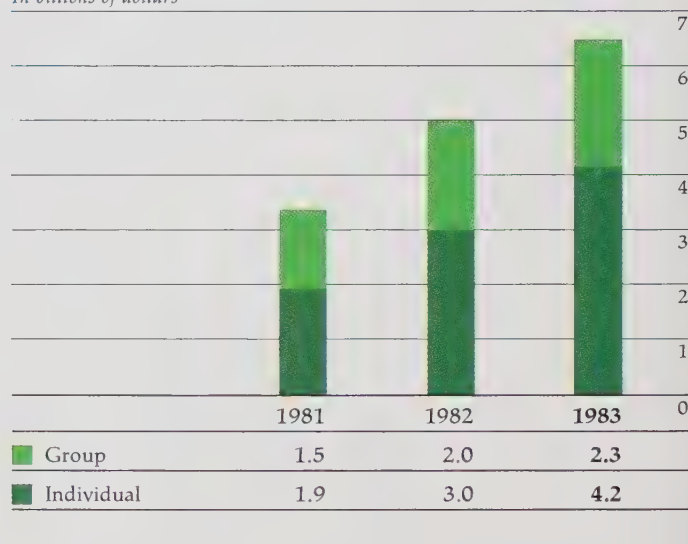
Premiums written

In millions of dollars

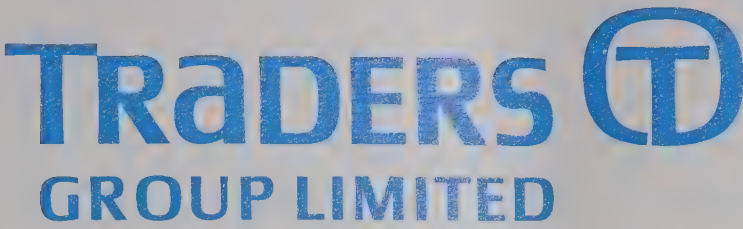


Business in force

In billions of dollars



1983 FINANCIAL STATEMENTS



MANAGEMENT'S AND AUDITORS' REPORTS

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Management's Report To the Shareholders of Traders Group Limited:

Management is responsible for the preparation and presentation of financial information contained in this report. The financial statements and accompanying notes are considered by management to present fairly the Corporation's financial position and results of operations.

Management maintains the necessary system of internal controls to provide assurance that transactions are authorized, assets are safeguarded and proper records maintained. The controls are monitored by the Corporation's internal auditors.

The Board of Directors appoints an Audit Committee. Acting on behalf of the Board, the Committee reviews the Corporation's financial statements and accounting policies and periodically reviews principal internal controls to ensure their adequacy. The Executive Committee of the Board approves credit authorization policies.

The Department of Insurance conducts an annual examination and enquiry into the affairs of the Trust and Insurance Companies as it feels appropriate and necessary to satisfy

itself that the provisions of the legislation under which they operate are being duly observed and that the Companies are in sound financial condition.

Price Waterhouse, the independent auditors appointed by the shareholders of the Corporation, have examined our financial statements in accordance with generally accepted auditing standards and their report follows. Price Waterhouse have free and independent access to the Audit Committee and meet with the Committee to consider matters relating to financial statement presentations, internal controls and audit procedures.

A. R. MARCHMENT
Chairman of the Board and
Chief Executive Officer

E. W. AUSTIN
Senior Vice-President
Finance and Administration

Toronto, January 25, 1984

Auditors' Report To the Shareholders of Traders Group Limited:

We have examined the consolidated balance sheet of Traders Group Limited as at December 31, 1983 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1983 and the results of its operations and the

changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of accounting, with which we concur, for foreign currency debt as explained in note 3, on a basis consistent with that of the preceding year.

PRICE WATERHOUSE
Chartered Accountants

Toronto, January 25, 1984

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

Year ended December 31

1983

1982

Gross income

Trust company loan, investment and fee income	\$343,595,000	\$374,931,000
Property sales and other income	26,278,000	28,463,000
Insurance premiums and investment income	144,645,000	138,920,000
Finance charges and related income	89,424,000	96,785,000
Gain (loss) on sale of investments	(232,000)	93,000
	603,710,000	639,192,000

Expenses

Interest expense—trust and property	254,422,000	305,167,000
—finance	33,943,000	50,874,000
	288,365,000	356,041,000
Cost of property sales and write-down of inventory	16,144,000	16,745,000
Insurance claims	97,172,000	98,153,000
Insurance commissions and premium taxes	23,134,000	20,558,000
Credit losses	20,569,000	18,532,000
Salaries and staff benefits	65,151,000	60,937,000
Premises	12,921,000	13,264,000
Data processing, communications, marketing and other	55,941,000	47,783,000
	579,397,000	632,013,000

Income before income taxes, minority interest and extraordinary items	24,313,000	7,179,000
Income taxes—current	5,298,000	4,140,000
—deferred	5,683,000	(2,424,000)
	10,981,000	1,716,000

Net operating income	13,332,000	5,463,000
Minority interest and consolidation adjustments	900,000	1,219,000

Net operating income from continuing operations	12,432,000	4,244,000
Loss from factoring operation, net of taxes	—	(1,590,000)

Net income before extraordinary items	12,432,000	2,654,000
Reduction of income taxes arising from application of losses carried forward	2,160,000	—
Net gain on property sale (Note 4)	7,500,000	—

Net income for the year	\$ 22,092,000	\$ 2,654,000
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Available for		
Preferred shares	\$ 2,364,000	\$ 2,464,000
Common shares	19,728,000	190,000
	\$ 22,092,000	\$ 2,654,000

Earnings per common share

Before extraordinary items	\$ 1.98	\$ 0.04
After extraordinary items	\$ 3.88	\$ 0.04

Weighted average number of common shares outstanding after inter-corporate elimination	5,078,000	5,067,000
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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

December 31

1983

1982

Assets**Trust**

Cash and bank deposit receipts

\$ 391,597,000

\$ 389,582,000

Securities (Note 9)

70,542,000

90,118,000

Loans

2,160,484,000

2,011,455,000

2,622,623,000

2,491,155,000

Guaranty Properties

Cash and mortgages receivable

23,385,000

18,767,000

Real estate

141,746,000

136,218,000

165,131,000

154,985,000

Insurance

Cash and investments

185,865,000

162,650,000

Premiums receivable and deferred acquisition costs

32,078,000

29,383,000

217,943,000

192,033,000

Finance

Cash and money market instruments

4,719,000

20,594,000

Receivables

400,104,000

448,181,000

Income producing property

—

25,263,000

404,823,000

494,038,000

Other Assets

Investments in associated corporations and other investments

3,052,000

3,183,000

Fixed

17,943,000

16,475,000

Miscellaneous

40,680,000

47,975,000

\$3,472,195,000\$3,399,844,000

CONSOLIDATED BALANCE SHEET

December 31	1983	1982
Liabilities		
Trust		
Savings and chequing accounts	\$ 662,089,000	\$ 657,847,000
Time deposits	272,543,000	275,151,000
Guaranteed investment certificates	1,562,020,000	1,435,161,000
	2,496,652,000	2,368,159,000
Guaranty Properties		
Bank loans and mortgages payable	61,267,000	71,942,000
Insurance		
Claims in course of settlement	103,058,000	90,699,000
Unearned premiums	56,340,000	49,185,000
	159,398,000	139,884,000
Finance		
Debt (Note 2)	310,672,000	409,251,000
Unearned finance charges	70,351,000	63,681,000
	381,023,000	472,932,000
Other		
Accounts payable and accrued expenses	160,480,000	163,310,000
Deferred income taxes (Note 6)	42,151,000	30,906,000
Minority interest (including Trust Company preference shares)	13,748,000	12,168,000
	216,379,000	206,384,000
Shareholders' Equity (Note 2)		
Preferred shares	30,784,000	32,026,000
Common shares	64,965,000	64,465,000
	95,749,000	96,491,000
Retained earnings	90,817,000	72,889,000
	186,566,000	169,380,000
Elimination of inter-corporate holdings	(29,090,000)	(28,837,000)
	157,476,000	140,543,000
	\$3,472,195,000	\$3,399,844,000

The accompanying notes form an integral part of the consolidated financial statements.

Approved by the Board:



Alan R. Marchment, Director



Irving R. Gerstein, Director

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31	1983	1982
Balance at beginning of year		
As previously reported	\$79,581,000	\$80,898,000
Adjustment of prior years' losses on long term foreign currency debt (Note 3)	(6,692,000)	(6,692,000)
Balance as restated	72,889,000	74,206,000
Amortization of cost of issuing preferred shares, net of gain on redemption	233,000	520,000
	73,122,000	74,726,000
Net income for the year	22,092,000	2,654,000
Less dividends on preferred shares		
4½%	135,000	135,000
5%	58,000	58,000
5%, Series A	56,000	60,000
\$2.16 Series B	373,000	387,000
10¼%	678,000	723,000
7.5%	1,064,000	1,101,000
	2,364,000	2,464,000
Earnings available for common shares	19,728,000	190,000
Less dividends on common shares, net of inter-corporate holdings (1983 and 1982—\$0.40 per share)	2,033,000	2,027,000
Earnings retained for the year	17,695,000	(1,837,000)
Balance at end of year	\$90,817,000	\$72,889,000

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31	1983	1982
Funds provided by		
Operations		
Net income before extraordinary items	\$ 12,432,000	\$ 2,654,000
Add non cash items		
Depreciation and amortization	2,578,000	3,961,000
Deferred income taxes	5,683,000	(2,511,000)
	20,693,000	4,104,000
Net gain on property sale (Note 4)	7,500,000	—
Net redemption of shares of the Corporation	(742,000)	(1,117,000)
Net increase (decrease) in		
Trust Company deposits	128,493,000	27,455,000
Guaranty Properties debt	(10,675,000)	(30,479,000)
Insurance claims in course of settlement	12,359,000	160,000
Unearned insurance premiums	7,155,000	(306,000)
Finance debt	(98,579,000)	(125,819,000)
Other	13,878,000	(31,573,000)
	<u>\$ 80,082,000</u>	<u>\$(157,575,000)</u>
Funds applied to		
Dividends	\$ 4,397,000	\$ 4,491,000
Addition to fixed assets	4,046,000	2,230,000
Net increase (decrease) in		
Trust Company cash, securities and loans	131,468,000	(17,214,000)
Guaranty Properties cash, mortgages and real estate	10,146,000	9,283,000
Insurance cash, investments and other	25,910,000	9,692,000
Finance cash and receivables, net of unearned finance charges	(95,885,000)	(166,057,000)
	<u>\$ 80,082,000</u>	<u>\$(157,575,000)</u>

GUARANTY TRUST

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STATEMENT OF INCOME

Year ended December 31	1983	1982
Gross income		
Consumer loan income		
Mortgages	\$ 93,438,000	\$ 96,921,000
Personal loans	58,370,000	62,218,000
	151,808,000	159,139,000
Commercial loan income		
Mortgages	57,151,000	62,904,000
Corporate term loans	16,864,000	18,817,000
Equipment financing	11,508,000	14,265,000
Manufacturer and dealer services	21,989,000	23,884,000
	107,512,000	119,870,000
Estate, trust and agency fees	23,391,000	21,409,000
Interest and dividends from securities and bank deposit receipts	52,579,000	67,546,000
Real estate brokerage	8,305,000	6,967,000
	343,595,000	374,931,000
Expenses		
Interest on deposits	249,324,000	300,279,000
Credit losses	8,733,000	8,384,000
Real estate brokerage	5,870,000	5,030,000
Salaries and staff benefits	34,982,000	30,412,000
Premises	8,528,000	7,870,000
Data processing, communications, marketing and other	24,786,000	19,206,000
	332,223,000	371,181,000
Income before income taxes, minority interest and extraordinary item	11,372,000	3,750,000
Income taxes-deferred	4,640,000	—
Net operating income	6,732,000	3,750,000
Net gain (loss) on investments and other assets	(225,000)	44,000
Equity share of net income of Guaranty Properties Limited	1,072,000	1,002,000
Net income before extraordinary item	7,579,000	4,796,000
Reduction of income taxes arising from application of losses carried forward	1,500,000	—
Net income before minority interest	9,079,000	4,796,000
Minority interest and consolidation adjustments	1,057,000	1,075,000
Net contribution to Traders	\$ 8,022,000	\$ 3,721,000

GUARANTY TRUST

BALANCE SHEET

December 31	1983	1982
Assets		
Cash and securities		
Cash and bank deposit receipts	\$ 368,880,000	\$ 364,599,000
Securities and loan income due and accrued	22,717,000	24,983,000
Securities	70,542,000	90,118,000
	462,139,000	479,700,000
Loans		
Consumer		
Mortgages	824,470,000	715,265,000
Personal loans	368,680,000	398,866,000
	1,193,150,000	1,114,131,000
Commercial		
Mortgages	530,950,000	527,235,000
Corporate term loans	136,774,000	141,531,000
Equipment financing	89,087,000	77,248,000
Manufacturer and dealer services	210,523,000	151,310,000
	967,334,000	897,324,000
	2,160,484,000	2,011,455,000
Other assets		
Investment in and advances to Guaranty Properties Limited	85,628,000	75,569,000
Fixed	6,009,000	6,295,000
Miscellaneous	28,335,000	24,693,000
	<u>\$2,742,595,000</u>	<u>\$2,597,712,000</u>
Liabilities		
Deposits		
Savings and chequing accounts	\$ 662,089,000	\$ 657,847,000
Time deposits	272,543,000	275,151,000
Guaranteed investment certificates	1,562,020,000	1,435,161,000
	2,496,652,000	2,368,159,000
Other		
Interest accrued	70,571,000	70,667,000
Accounts payable	34,214,000	30,117,000
Unearned finance charges	3,524,000	9,077,000
Deferred income taxes	2,978,000	—
Minority interest (primarily preference shares)	13,383,000	13,831,000
Traders investment, at equity value	121,273,000	105,861,000
	<u>\$2,742,595,000</u>	<u>\$2,597,712,000</u>

GUARANTY PROPERTIES*

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STATEMENT OF INCOME

Year ended December 31	1983	1982
Gross income		
Sales	\$ 22,478,000	\$ 24,004,000
Mortgage interest and other	5,542,000	4,459,000
	28,020,000	28,463,000
Expenses		
Cost of sales	13,400,000	16,032,000
Write-down of inventory	2,744,000	713,000
Interest expense	5,098,000	4,888,000
Salaries and staff benefits	1,755,000	1,684,000
Premises	226,000	210,000
Data processing, communications, marketing and other	1,480,000	811,000
	24,703,000	24,338,000
Income before income taxes	3,317,000	4,125,000
Income taxes—current	—	4,662,000
—deferred	2,245,000	(1,539,000)
	2,245,000	3,123,000
Net contribution to Guaranty Trust	\$ 1,072,000	\$ 1,002,000

BALANCE SHEET

December 31	1983	1982
Assets		
Cash	\$ 1,805,000	\$ 1,971,000
Mortgages and other secured receivables	21,580,000	16,796,000
Real estate inventory	134,933,000	134,183,000
Income producing property	17,253,000	12,475,000
	152,186,000	146,658,000
Other assets		
Fixed	612,000	417,000
Miscellaneous	3,170,000	8,928,000
	\$179,353,000	\$174,770,000
Liabilities		
Debt**		
Bank loans	\$ 53,102,000	\$ 62,337,000
Mortgages payable	8,165,000	9,605,000
	61,267,000	71,942,000
Other		
Accounts payable and accrued expenses	3,276,000	6,798,000
Advance from associated corporation	—	700,000
Completion costs of real estate under development	7,466,000	7,660,000
Deferred income taxes	21,716,000	12,101,000
Guaranty Trust equity investment and advances	85,628,000	75,569,000
	\$179,353,000	\$174,770,000

*Consists of Guaranty Properties Limited and the following subsidiaries and joint ventures:

Albion Road Estates Limited	Huckleberry Inc.
Apple Creek Business Park	Paracon Guaranty Inc.
Deer Run Shopping Centre Ltd.	Traders Associates
Guaranty Pension Realty Limited	360 Bloor Street East
Guaranty Properties (Florida) Inc.	488857 Ontario Inc.
Guaranty Properties (U.S.) Inc.	

**Bears interest from 5% to 14% and matures from 1984 to 1987.

CANADIAN GENERAL INSURANCE GROUP*

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STATEMENT OF INCOME

Year ended December 31	1983	1982
Gross written premiums	\$201,450,000	\$180,448,000
Reinsurance ceded	67,957,000	59,270,000
Net written premiums	<u>\$133,493,000</u>	<u>\$121,178,000</u>
Gross income		
Net earned premiums	\$127,283,000	\$121,485,000
Investment income	17,362,000	17,435,000
	144,645,000	138,920,000
Gain (loss) on sale of securities	(7,000)	49,000
	144,638,000	138,969,000
Expenses		
Claims	97,172,000	98,153,000
Commissions and premium taxes	23,134,000	20,558,000
Salaries and staff benefits	11,149,000	10,122,000
Premises	3,378,000	1,784,000
Data processing, communications, marketing and other	7,476,000	6,917,000
	142,309,000	137,534,000
Income before income taxes, minority interest and extraordinary item	2,329,000	1,435,000
Income taxes—current	(1,145,000)	(1,056,000)
—deferred	1,013,000	494,000
	(132,000)	(562,000)
Net income before undernoted items	2,461,000	1,997,000
Extraordinary item—gain on sale of fixed assets, net of taxes	—	7,747,000
Minority interest and consolidation adjustments	(29,000)	(8,316,000)
Net contribution to Traders	<u>\$ 2,432,000</u>	<u>\$ 1,428,000</u>

BALANCE SHEET

December 31	1983	1982
Assets		
Cash and short term investments	\$ 94,665,000	\$ 76,423,000
Bonds (market value 1983—\$29,563,000; 1982—\$44,756,000)	30,150,000	46,078,000
Stocks (market value 1983—\$34,088,000; 1982—\$23,342,000)	29,464,000	23,755,000
Mortgages	31,586,000	16,394,000
	185,865,000	162,650,000
Premiums receivable from agents and policyholders	23,218,000	21,312,000
Deferred acquisition costs	8,860,000	8,071,000
Fixed assets	1,996,000	1,130,000
Miscellaneous assets	7,997,000	11,940,000
	<u>\$227,936,000</u>	<u>\$205,103,000</u>
Liabilities		
Claims in course of settlement	\$103,058,000	\$ 90,699,000
Unearned insurance premiums	56,340,000	49,185,000
Provision for policy obligations	15,961,000	15,512,000
Accounts payable and accrued expenses	10,687,000	11,177,000
Deferred income taxes	(552,000)	(1,428,000)
Minority interest and consolidation adjustments	8,682,000	8,653,000
Traders investment, at equity value	33,760,000	31,305,000
	<u>\$227,936,000</u>	<u>\$205,103,000</u>

*Includes the following subsidiary companies:

Canadian General Insurance Company
Toronto General Insurance CompanyTraders General Insurance Company
Canadian General Life Insurance Company

FINANCE GROUP*

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STATEMENT OF INCOME

Year ended December 31	1983	1982
Gross income		
Consumer	\$ 73,638,000	\$ 69,460,000
Commercial	7,037,000	18,161,000
Other	8,749,000	9,164,000
	89,424,000	96,785,000
Expenses		
Interest expense—		
Secured debt		
Short term	6,189,000	15,747,000
Medium and long term	18,474,000	22,789,000
Debt of subsidiary	662,000	794,000
Unsecured debt	6,241,000	7,857,000
Other borrowing costs	2,377,000	3,687,000
	33,943,000	50,874,000
Credit losses	11,836,000	10,148,000
Salaries and staff benefits	17,265,000	18,719,000
Premises	2,531,000	3,400,000
Data processing, communications, marketing and other	16,329,000	15,819,000
	81,904,000	98,960,000
Income (loss) before income taxes and extraordinary items	7,520,000	(2,175,000)
Income taxes—current	6,443,000	534,000
—deferred	(2,215,000)	(1,869,000)
	4,228,000	(1,335,000)
Net operating income (loss)	3,292,000	(840,000)
Consolidation adjustments	186,000	(65,000)
Loss from factoring operation, net of taxes	—	(1,590,000)
Net contribution	3,478,000	(2,495,000)
Equity share in net income before extraordinary items of		
Guaranty Trust Company of Canada	6,522,000	3,721,000
Canadian General Insurance Group	2,432,000	1,428,000
Net income before extraordinary items	12,432,000	2,654,000
Reduction of income taxes arising from application of losses carried forward	2,160,000	—
Net gain on property sale (Note 4)	7,500,000	—
Net income for the year	\$ 22,092,000	\$ 2,654,000

*Consists of Traders Group Limited and the following consolidated subsidiaries:

Trans Canada Credit Corporation Limited
Trans Canada Credit Realty Limited
Traders Finance Corporation (1966) Limited
Traders Finance Corporation (1976) Limited
Aetna Financial Services Limited
Traders Finance S.A. and subsidiaries

FINANCE GROUP

BALANCE SHEET

December 31	1983	1982
Assets		
Cash and money market instruments	\$ 4,719,000	\$ 20,594,000
Finance receivables		
Consumer (Note 11)	327,712,000	316,386,000
Commercial (Note 11)	85,098,000	141,877,000
Other	2,601,000	8,256,000
	415,411,000	466,519,000
Less: Allowance for credit losses	15,307,000	18,338,000
	400,104,000	448,181,000
Investments and advances		
Investments in non-finance subsidiaries at equity value		
Guaranty Trust Company of Canada	121,273,000	105,861,000
Canadian General Insurance Group	33,760,000	31,305,000
Investment in associated corporations and other investments	3,052,000	3,183,000
	158,085,000	140,349,000
Other assets		
Income producing property	—	25,263,000
Fixed	9,086,000	8,633,000
Miscellaneous	1,178,000	2,414,000
	<u>\$573,172,000</u>	<u>\$645,434,000</u>
Liabilities		
Debt (Note 2)	\$310,672,000	\$409,251,000
Unearned finance charges	70,351,000	63,681,000
Other		
Accounts payable and accrued expenses	14,541,000	11,603,000
Deferred income taxes (Note 6)	20,212,000	22,436,000
Minority interest in finance subsidiary	(80,000)	(2,080,000)
Shareholders' equity	157,476,000	140,543,000
	<u>\$573,172,000</u>	<u>\$645,434,000</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1983

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1. Summary of accounting policies

The summary of accounting policies followed by the Corporation and its subsidiaries as outlined on page 32 is an integral part of these financial statements.

2. Consolidated capitalization

Details of the secured and unsecured debt and capital position are included in the Consolidated Capitalization schedules on pages 30 and 31.

3. Foreign exchange

In anticipation of the new standard issued by the Canadian Institute of Chartered Accountants on foreign currency translation to take effect in the Corporation's 1984 fiscal year, the accounting policy relating to foreign currency debt due beyond one year was changed in 1983. This debt, previously carried at historical rates, is now translated to Canadian dollars at the exchange rate prevailing at balance sheet date. The effect of this change on earnings for 1983 and 1982 is immaterial. Retained earnings at the beginning of the year have been decreased by \$6,692,000 after income taxes of \$6,441,000, to reflect the cumulative effect on prior years.

4. Extraordinary item

During the year the Corporation disposed of its interest in the Alexis Nihon Plaza through a subsidiary and realized a net gain of \$7,500,000 after a provision for deferred income taxes of \$7,270,000.

5. Related party transactions

The Finance Group sold \$34,913,000 of equipment financing receivables and \$27,110,000 of consumer mortgages at fair market value to Guaranty Trust Company of Canada.

General and administrative expenses include an allocation among Guaranty Trust, Guaranty Properties and the Finance Group for the cost of shared head office personnel and facilities.

6. Income taxes

The Corporation and certain subsidiaries receive tax-exempt dividend and debenture income. Also certain items of income and expense are recognized in time periods different for financial reporting than for income tax purposes. These amounts may be used to offset taxable income in subsequent tax years. As long as it is virtually certain that the benefit will be used, accounting recognition is given to these amounts.

The summarized income tax position at December 31, 1983 is as follows:

(i) Guaranty Trust

Deferred income tax liabilities, arising mainly from mortgage reserves claimed for tax purposes, have been reflected in the financial statements in the amount of \$3,461,000. Losses carried forward on a filing basis and recognized in the financial statements amount to \$483,000.

The Company also has available certain elective deductions amounting to \$10,400,000 which may be used in future years to reduce taxable income.

(ii) Guaranty Properties

Deferred income tax liabilities, arising principally from carrying costs of real estate claimed for tax purposes, have been reflected in the financial statements in the amount of \$27,605,000. Losses carried forward on a filing basis and recognized in the financial statements amount to \$5,889,000.

(iii) Canadian General Insurance Group

Losses carried forward on a filing basis amounting to \$1,530,000 have been recognized in the financial statements.

(iv) Finance Group

Deferred income tax liabilities arising principally from direct financing lease contracts have been reflected in the financial statements in the amount of \$20,212,000.

7. Pension plans

The Corporation and its subsidiaries have two pension plans which cover substantially all employees. The most recent independent actuarial valuations of the plans were made at January 1, 1982 and showed a surplus which is available to offset future pension costs.

8. Commitments and contingencies

Outstanding loan and mortgage commitments for future advances are \$180,625,000 at December 31, 1983 (1982—\$141,176,000).

In 1981 legal proceedings against Guaranty Trust, the Bank of Montreal, Thorne Riddell Inc., and others, were commenced in British Columbia and in Alberta, alleging, among other things, that Guaranty Trust as trustee under a trust indenture acted improperly in appointing a receiver and manager of the assets of Abacus Cities Ltd., now in bankruptcy. Damages claimed against all defendants in Alberta total approximately \$300,000,000, while the action in British Columbia is now for an unspecified amount (formerly all claims against all parties totalled \$1,700,000,000). Guaranty Trust is defending these actions and, in the opinion of its legal counsel, Guaranty Trust has a good defence.

Trust Company**9. Securities**

	1983	1982
Government of Canada and Provinces of Canada	\$34,389,000	\$34,781,000
Other securities		
Municipal	275,000	449,000
Corporation bonds and debentures	5,570,000	5,642,000
Stocks	30,308,000	49,246,000
(Market value 1983—\$33,139,000; 1982—\$49,891,000)	36,153,000	55,337,000
	<u>\$70,542,000</u>	<u>\$90,118,000</u>

10. Guaranteed trust account

Included in the balance sheet are assets and liabilities of the guaranteed trust account of \$2,602,096,000 (1982—\$2,473,240,000).

Finance Group**11. Finance receivables**

	1983	1982
(i) Consumer		
Personal loans	\$266,706,000	\$232,297,000
Retail	2,538,000	11,371,000
Mortgages	28,455,000	45,627,000
Home improvements	1,953,000	2,671,000
Other	28,060,000	24,420,000
	<u>\$327,712,000</u>	<u>\$316,386,000</u>
Commercial		
Equipment financing	\$ 10,447,000	\$ 52,819,000
Commercial loans	650,000	1,611,000
Leasing	74,001,000	87,447,000
	<u>\$ 85,098,000</u>	<u>\$141,877,000</u>

(ii) Maturities:

Finance receivables due within one year are \$199,855,000.
(1982—\$232,000,000).

(iii) Direct financing lease contracts:

The Corporation has the following net investment in direct financing lease contracts:

	1983	1982
Commercial receivables		
Aggregate rentals receivable	\$ 71,666,000	\$ 84,968,000
Residuals on expiry of leases		
Contractual	559,000	693,000
Non-contractual	1,776,000	1,786,000
	74,001,000	87,447,000
Unearned finance charges	17,060,000	21,280,000
	<u>\$ 56,941,000</u>	<u>\$ 66,167,000</u>

CONSOLIDATED CAPITALIZATION

December 31, 1983

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Finance Group Debt

	Due within one year	Due beyond one year	Total
Summary			
Secured Debt			
Senior Secured Debt			
Short term notes	\$ 71,485,000	\$ —	\$ 71,485,000
Medium term notes	15,061,000	169,000	15,230,000
Long term notes	41,994,000	108,087,000	150,081,000
Other Secured Debt	2,058,000	10,512,000	12,570,000
	130,598,000	118,768,000	249,366,000
Unsecured Debt			
Debentures	14,200,000	45,503,000	59,703,000
Other	1,603,000	—	1,603,000
	\$146,401,000	\$164,271,000	\$310,672,000

Senior Secured Debt

The senior secured notes of the Corporation are secured by a first specific charge on finance receivables and eligible securities, a first floating charge on the undertaking and certain other property and assets of the Corporation and are protected by operating restrictions provided in borrowing agreements.

Long Term Notes

Series	Maturity date	Annual sinking fund or maximum annual purchase fund	Outstanding
5¾% AB	May 1, 1984	\$ —	\$ 5,418,000
9½% AT	June 15, 1984	300,000	23,865,000
5¾% AC	September 15, 1984	—	7,630,000
5¾% AD	April 15, 1985	375,000	7,825,000
6¼% AE (i)	April 1, 1986	—	15,555,000
7¾% AH	December 1, 1986	79,000	1,601,000
7¼% AI (i)	July 1, 1987	—	22,026,000
7¾% AJ	September 15, 1987	125,000	3,180,000
8% AK (i)	December 1, 1988	931,000	11,521,000
8¾% AL	December 15, 1988	8,000	212,000
9¾% AM	December 15, 1989	29,000	979,000
9½% AN	May 15, 1990	5,000	192,000
10½% AO (i)	October 15, 1990	1,136,000	12,129,000
9% AP	February 15, 1991	625,000	15,660,000
10½% AR (i)	March 15, 1991	1,587,000	19,101,000
11¼% AQ	January 6, 1995	181,000	3,187,000
		\$ 5,381,000	\$150,081,000

(i) U.S. dollar issues.

Other Secured Debt

The Corporation has obligations of \$12,570,000 secured on leased property, bearing interest rates from 8.35% to 10.25% and payable from 1984 through 1990.

Debentures

Series	Maturity date	Annual sinking fund or maximum annual purchase fund	Outstanding
6%	November 1, 1984	\$ —	\$ 3,409,000
6%	June 1, 1985	120,000	2,449,000
14¾%	June 15, 1990	381,000	6,436,000
11½%	November 1, 1990	238,000	3,985,000
14%	April 15, 1991	121,000	2,367,000
9½%	June 15, 1991	106,000	2,843,000
9¾%	April 15, 1992 (i)	100,000	8,824,000
8¾%	October 15, 1992	51,000	1,974,000
10¼%	April 15, 1993 (i)	200,000	9,446,000
8¾%	May 1, 1993	375,000	8,969,000
9%	October 15, 1993	375,000	9,001,000
		\$ 2,067,000	\$ 59,703,000

(i) The holders of these series have the right to elect an early maturity date for such debentures. The Corporation has the right to increase the interest rates on such series.

Share Capital

Cumulative redeemable preferred shares

	Authorized		Issued and Outstanding	
	Shares	Amount	Shares	Amount
4½% preferred shares	35,000	\$ 3,500,000	35,000	\$ 3,500,000
Less: held by subsidiaries			5,135	513,000
			29,865	2,987,000
5% preferred shares	29,149	1,166,000	29,099	1,164,000
\$30 preferred shares, issuable in series	351,917	10,558,000		
5%, Series A			39,413	1,182,000
Less purchases during 1983			5,164	154,000
			34,249	1,028,000
\$2.16, Series B			176,946	5,308,000
Less purchases during 1983			6,700	201,000
			170,246	5,107,000
\$10 preferred shares, issuable in series	5,000,000	50,000,000		
10¼% preferred shares			695,631	6,956,000
Less purchases during 1983			48,600	486,000
			647,031	6,470,000
7.5% preferred shares	331,100	16,555,000	288,572	14,429,000
Less purchases during 1983			8,010	401,000
			280,562	14,028,000
				\$30,784,000

The terms of issue of preferred shares issued in series include provisions by which the Corporation is to provide (subject to certain conditions) an annual fund for the purchase of these preferred shares in the aggregate amount of \$1,391,000.

Common shares without nominal or par value

	Authorized	Issued and Outstanding			
		1983		1982	
		Shares	Amount	Shares	Amount
Class A	unlimited	6,580,213	\$64,485,000	6,546,181	\$63,985,000
Class B	720,000	720,000	480,000	720,000	480,000
		7,300,213	\$64,965,000	7,266,181	\$64,465,000
Less elimination of shares held through a subsidiary (i)		2,216,483		2,199,273	
Common shares effectively outstanding		5,083,730		5,066,908	

- (i) The common shares of Traders Group Limited held directly and indirectly through a subsidiary for a total cost of \$29,090,000 have been eliminated on consolidation as noted below.

Class A	1,740,599
Class B	475,884
Total common shares	2,216,483

- (ii) Under the Dividend Reinvestment Plan and Stock Dividend Program eligible holders of Class A non-voting shares and Class B common shares may elect to acquire new Class A non-voting shares at 95% of the average market price through the reinvestment of dividends. During 1983 34,032 shares were issued as a result of dividends being reinvested for an aggregate consideration of \$500,000.

SUMMARY OF ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada.

Financial data covering the Corporation's significant business segments are included in the summarized financial information of subsidiaries which is an integral part of the consolidated financial statements.

Foreign Exchange

Assets and liabilities denominated in foreign currencies are translated to Canadian dollars at either the exchange rate prevailing at balance sheet date or at forward contract rates where such contracts have been made.

The financial statements of foreign subsidiaries are translated to Canadian dollars at the exchange rate prevailing at balance sheet date.

Gains or losses arising from market fluctuations are reflected in current operations.

Trust Company Accounting

Securities are stated at amortized cost except for corporate notes and stocks which are stated at cost. Loans are stated at cost less provision for losses.

Discounts or premiums on the purchase of government bonds are amortized on a yield to maturity basis. Discounts or premiums on other bonds and loans are amortized on a straight-line basis over the term to maturity.

Unearned income on instalment contracts is computed by the sum of the digits method.

Realized gains or losses on investments are included in the statement of income.

The Company follows accrual accounting for estate, trust and agency business.

Guaranty Properties Accounting

The proportionate share of the assets, liabilities, income and expenses of all incorporated and unincorporated joint ventures and partnerships are included in the consolidated financial statements.

Sales are recorded after all material conditions have been fulfilled and a minimum of 15% of the sale price has been received in cash.

Inventory is carried at the lower of cost, including direct carrying charges (primarily interest and realty taxes) and development costs, and estimated net realizable value at the time of sale.

Insurance Accounting

Net written premiums are included in income evenly over the term of the policies. Deferred acquisition expenses, which include commissions paid net of reinsurance commissions received, and premium taxes incurred during the year are amortized to income over the periods in which the premiums are earned. The method used limits the amount deferred to the amount recoverable.

The Companies follow the policy of underwriting and reinsuring contracts of insurance which, in the main, limit the liability of the Companies to a maximum amount on any one loss, in the event of a claim. Reinsurance ceded does not, however, relieve the Companies of their ultimate liability to their insureds in the event that any reinsurer is unable to meet its obligations under the reinsurance agreements.

Premium income is recorded net of amounts ceded to reinsurers and commissions and losses are recorded net of reinsurance recoveries.

The provision for outstanding losses includes estimated provision for all costs of investigation and settlement of claims incurred prior to the balance sheet date. Anticipated salvage and subrogation recoveries are not recorded until received.

Bonds and mortgages are carried at amortized cost. Stocks are carried at cost. Gains and losses on disposal are recognized in income when realized.

Finance Accounting

Unearned income on direct financing lease contracts and certain long term instalment contracts is computed on an actuarial yield basis. Unearned income on other instalment contracts is computed by the sum of the digits method.

Income from interest bearing loans is recorded on an accrual basis.

FINANCIAL ANALYSIS

FIVE YEAR REVIEW

December 31

1983

1982

1981

1980

1979

CONSOLIDATED CONDENSED STATEMENT OF INCOME

Gross income

Trust Company	\$343,595,000	\$374,931,000	\$335,137,000	\$250,004,000	\$194,518,000
Guaranty Properties	26,278,000	28,463,000	20,628,000	17,494,000	21,997,000
Insurance Group	144,645,000	138,920,000	128,540,000	112,088,000	103,652,000
Finance Group	89,424,000	96,785,000	125,505,000	137,380,000	139,185,000
Gain (loss) on sale of investments	(232,000)	93,000	2,223,000	1,561,000	1,298,000
	603,710,000	639,192,000	612,033,000	518,527,000	460,650,000

Expenses

Interest expense	288,365,000	356,041,000	352,212,000	279,983,000	231,639,000
Cost of property sales and write-down of inventory	16,144,000	16,745,000	12,311,000	6,423,000	12,309,000
Insurance claims	97,172,000	98,153,000	101,559,000	79,225,000	68,686,000
Insurance commission and premium taxes	23,134,000	20,558,000	18,375,000	17,998,000	18,195,000
Credit losses	20,569,000	18,532,000	9,779,000	14,468,000	19,494,000
Salaries and staff benefits	65,151,000	60,937,000	58,915,000	55,467,000	52,967,000
Premises	12,921,000	13,264,000	12,093,000	11,751,000	11,556,000
Data processing, communications, marketing and other	55,941,000	47,783,000	44,580,000	39,477,000	35,721,000
	579,397,000	632,013,000	609,824,000	504,792,000	450,567,000

Income before income tax, minority interest and extraordinary items

24,313,000 7,179,000 2,209,000 13,735,000 10,083,000

Income taxes (current and deferred)

10,981,000 1,716,000 (1,999,000) 2,555,000 1,629,000

Net operating income

13,332,000 5,463,000 4,208,000 11,180,000 8,454,000

Minority interest and consolidation adjustments

900,000 1,219,000 1,017,000 (426,000) (889,000)

Net operating income from continuing operations

12,432,000 4,244,000 3,191,000 11,606,000 9,343,000

(Loss) net income from discontinued operation

— — — (1,866,000) 896,000

Loss from factoring operation, net of taxes

— (1,590,000) (526,000) — —

Net income before extraordinary items

12,432,000 2,654,000 2,665,000 9,740,000 10,239,000

Extraordinary items

9,660,000 — — — —

Net income for the year

\$ 22,092,000 \$ 2,654,000 \$ 2,665,000 \$ 9,740,000 \$ 10,239,000

Available for

Preferred shares

\$ 2,364,000 \$ 2,464,000 \$ 2,545,000 \$ 2,588,000 \$ 2,614,000

Common shares

19,728,000 190,000 120,000 7,152,000 7,625,000

\$ 22,092,000 \$ 2,654,000 \$ 2,665,000 \$ 9,740,000 \$ 10,239,000

Earnings per common share

\$3.88 \$0.04 \$0.02 \$1.40 \$1.54

Dividends declared per common share

0.40 0.40 1.03¾ 1.25 1.25

Return on average annual common equity

16.77% 0.16% 0.10% 5.89% 6.41%

December 31	1983	1982	1981	1980	1979
CONSOLIDATED ASSETS					
Trust Company	\$2,622,623,000	\$2,491,155,000	\$2,511,171,000	\$2,207,154,000	\$1,928,648,000
Guaranty Properties	165,131,000	154,985,000	145,702,000	117,696,000	90,529,000
Insurance Group	217,943,000	192,033,000	182,341,000	167,858,000	159,841,000
Finance Group	404,823,000	494,038,000	668,791,000	847,506,000	1,003,017,000
Other Assets	61,675,000	67,633,000	60,869,000	53,529,000	42,808,000
	\$3,472,195,000	\$3,399,844,000	\$3,568,874,000	\$3,393,743,000	\$3,224,843,000
CONSOLIDATED CAPITALIZATION					
Finance Group Debt					
Secured Debt					
Short term	\$ 71,485,000	\$ 78,259,000	\$ 155,033,000	\$ 174,481,000	\$ 254,584,000
Medium term	15,230,000	36,082,000	30,210,000	96,068,000	93,795,000
Long term	150,081,000	198,451,000	224,183,000*	242,788,000*	250,304,000
Other secured	12,570,000	22,986,000	16,269,000	17,884,000	19,421,000
	249,366,000	335,778,000	425,695,000	531,221,000	618,104,000
Debentures	59,703,000	68,857,000	86,013,000	103,112,000	110,112,000
Other	1,603,000	4,616,000	10,229,000	16,274,000	36,020,000
	310,672,000	409,251,000	521,937,000	650,607,000	764,236,000
Shareholders' equity and minority interest	171,224,000	152,711,000	164,513,000	173,724,000	175,594,000
	\$ 481,896,000	\$ 561,962,000	\$ 686,450,000	\$ 824,331,000	\$ 939,830,000
Book value per share	\$ 24.95	\$ 21.42	\$ 22.99	\$ 23.77	\$ 23.60
NET INCOME (LOSS) BY LINE OF BUSINESS					
Trust Company	\$ 6,950,000	\$ 2,719,000	\$ 757,000	\$ 4,004,000	\$ 3,007,000
Guaranty Properties	1,072,000	1,002,000	1,632,000	3,607,000	3,471,000
Insurance Group	2,432,000	1,428,000	(758,000)	2,706,000	4,192,000
Finance Group	11,638,000	(2,495,000)	1,034,000	(577,000)	(431,000)
Net income	\$ 22,092,000	\$ 2,654,000	\$ 2,665,000	\$ 9,740,000	\$ 10,239,000
Weighted average number of common shares outstanding	5,078,000	5,067,000	5,069,000	5,122,000	4,941,000
Number of employees	3,064	3,102	3,458	3,526	3,507

*Not restated to reflect change in accounting policy for foreign exchange.

COMPARISON OF MATURITIES

OF FINANCE RECEIVABLES WITH DEBT

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<i>In millions of dollars</i>	1984	1985	1986	1987	1988	1989 1993	1994 1995	Total
Finance receivables								
Consumer								
Personal loans	\$127.4	\$ 75.5	\$ 42.7	\$ 15.3	\$ 4.6	\$ 1.2	\$ —	\$266.7
Retail	2.1	0.3	0.1	—	—	—	—	2.5
Mortgages	23.3	4.0	1.0	0.1	0.1	—	—	28.5
Home improvements	1.5	0.3	0.1	—	—	—	—	1.9
Other	22.4	4.5	1.2	—	—	—	—	28.1
	176.7	84.6	45.1	15.4	4.7	1.2	—	327.7
Commercial								
Equipment financing	8.9	1.0	0.4	0.1	—	—	—	10.4
Commercial loans	0.1	0.1	0.3	0.2	—	—	—	0.7
Leasing	11.6	10.5	9.2	9.4	6.0	27.3	—	74.0
Other	2.6	—	—	—	—	—	—	2.6
	23.2	11.6	9.9	9.7	6.0	27.3	—	87.7
	\$199.9	\$ 96.2	\$ 55.0	\$ 25.1	\$ 10.7	\$ 28.5	\$ —	\$415.4
Debt								
Short term notes								
Commercial paper	\$ 71.5	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 71.5
Medium term notes	15.0	0.2	—	—	—	—	—	15.2
Long term notes	42.0	12.2	20.3	30.7	11.5	31.1	2.3	150.1
Other secured debt	2.1	2.2	2.5	2.4	1.0	2.4	—	12.6
	130.6	14.6	22.8	33.1	12.5	33.5	2.3	249.4
Debentures	14.2	13.2	1.7	1.7	1.6	27.3	—	59.7
Other	1.6	—	—	—	—	—	—	1.6
	\$146.4	\$ 27.8	\$ 24.5	\$ 34.8	\$ 14.1	\$ 60.8	\$ 2.3	\$310.7

QUARTERLY ANALYSIS
OF RATE SPREAD AND NET EARNINGS BY SOURCE

In thousands of dollars, where applicable		Net Rate Spread		Net Earnings ⁴					Per Share
Quarter		Trust ¹	Finance ^{2,3}	Trust	Property	Insurance	Finance	Total	
1979	Q1	1.12%	6.99%	\$ 608	\$ 308	\$ 632	\$ 698	\$ 2,246	\$0.33
	Q2	1.24	6.73	984	(140)	1,591	497	2,932	0.46
	Q3	1.31	6.69	960	132	1,471	590	3,153	0.51
	Q4	1.14	5.99	455	3,171	498	(2,216)	1,908	0.24
		1.20	6.59	3,007	3,471	4,192	(431)	10,239	1.54
1980	Q1	1.19	5.83	482	223	(279)	857	1,283	0.12
	Q2	1.24	6.18	1,294	23	1,666	(1,219)	1,764	0.22
	Q3	1.28	6.62	1,341	475	463	(17)	2,262	0.32
	Q4	1.34	7.02	887	2,886	856	(198)	4,431	0.74
		1.26	6.41	4,004	3,607	2,706	(577)	9,740	1.40
1981	Q1	1.12	7.15	568	887	(630)	862	1,687	0.24
	Q2	0.85	7.48	(128)	393	238	535	1,038	0.09
	Q3	0.29	7.86	(4,089)	(32)	548	394	(3,179)	(0.76)
	Q4	0.62	6.98	4,406	384	(914)	(757)	3,119	0.49
		0.71	7.36	757	1,632	(758)	1,034	2,665	0.02
1982	Q1	0.77	8.57	4	732	(1,614)	312	(566)	(0.24)
	Q2	0.96	9.81	(265)	1,161	965	(1,244)	617	—
	Q3	1.09	11.29	843	107	1,236	(990)	1,196	0.11
	Q4	1.39	10.71	2,137	(998)	841	(573)	1,407	0.16
		1.06	9.71	2,719	1,002	1,428	(2,495)	2,654	0.03
1983	Q1	1.68	13.97	1,053	(701)	689	1,247	2,288	0.24
	Q2	1.74	15.50	1,245	1,923	964	919	5,051	0.84
	Q3	1.93	16.17	1,446	(163)	192	1,194	2,669	0.41
	Q4	1.82	17.29	1,706	13	587	118	2,424	0.36
		1.80%	15.67%	\$5,450	\$1,072	\$2,432	\$3,478	\$12,432	\$1.98

Notes: ¹Rate earned on investments (excluding fee income) less rate paid on deposits. Taxable equivalent basis for all periods except for the last three quarters of 1981 and all quarters of 1982, wherein income tax credits were not available.

²Gross yield on average funds in use less the average total cost of borrowed money. Includes the carrying costs of investments in Guaranty Trust, Insurance Group and Guaranty Properties. Excludes credit losses.

³Revised for 1981 to exclude Aetna Financial Services Limited

⁴Excludes extraordinary items.

GUARANTY TRUST

ASSET AND LIABILITY MANAGEMENT

The Company's Asset and Liability Management Committee, which has been operational for several years, is charged with the responsibility of ensuring that operating decisions are consistent with the Company's policy of operating its financial intermediary division on a matched basis. The Committee meets weekly to review the matching position and projected cash flows, by term. It then sets deposit and loan rates consistent with our objectives.

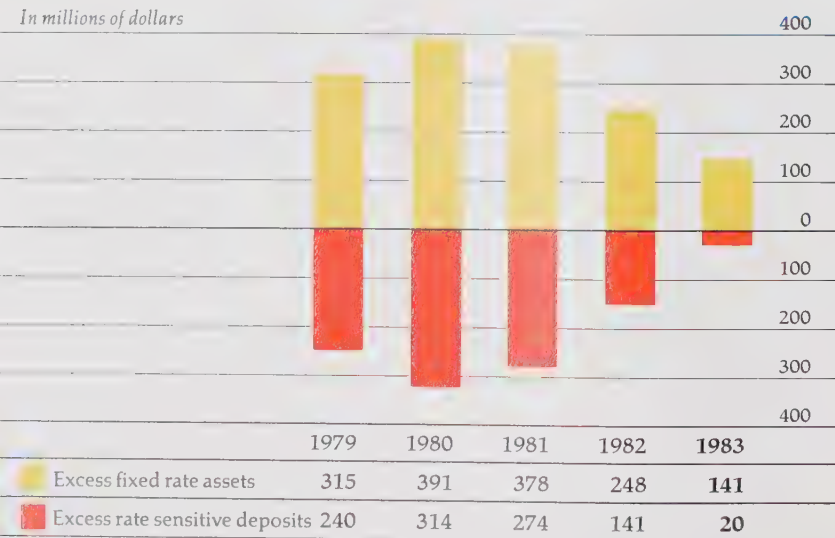
Asset and Liability Maturity and Mix

The recession in 1983 continued to limit the Company's opportunities for lending on a basis of acceptable risk. During the year depositors continued to prefer deposits maturing in one year or less in view of the general uncertainty of the direction of interest rates. In response to this preference, management continued to emphasize lending on a short-term or floating rate basis. As a result the Company has increased the portion of portfolios maturing in one year or on an interest sensitive basis from 63 percent in the prior year to 66 percent at December 31, 1983.

The long term mortgage and bond portfolio was reduced from \$242 million during 1983 to \$213 million at year-end of which \$73 million matures within five years.

Interest rate sensitivity (excluding common equity)

In millions of dollars



Interest Rate Sensitivity

It is a primary objective of management to ensure that deposits are matched by investments of similar maturity and interest type. Achievement of this objective results in satisfactory and stable net interest income levels while minimizing exposure to unanticipated and uncontrollable interest rate fluctuations. The Company has achieved considerable success in 1983 in reducing the disparity between rate sensitive assets and deposits, and fixed rate assets and deposits.

Asset and Liability Maturity and Mix

In millions of dollars

	Rate sensitive and within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years	Other	December 31, 1983		December 31, 1982	
								Total	%	Total	%
Assets											
Cash and bank deposit receipts	\$ 369	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 369	13	\$ 365	14
Securities and other investments	8	11	17	38	4	31	24	133	5	152	6
Consumer loans	774	148	145	16	100	10	—	1,193	44	1,114	43
Commercial loans	644	82	39	23	80	99	—	967	35	897	35
Other assets	23	—	—	—	—	—	58	81	3	70	2
	\$1,818	\$241	\$201	\$77	\$184	\$140	\$ 82	\$2,743	100	\$2,598	100
%—1983	66	9	7	3	7	5	3	100			
%—1982	63	17	8	2	2	6	2				100
Liabilities and Equity											
Demand	\$ 662	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 662	24	\$ 658	25
Time	273	—	—	—	—	—	—	273	10	275	11
Term	799	287	215	71	190	—	—	1,562	57	1,435	56
Other liabilities and equity	73	—	—	—	—	—	173	246	9	230	9
	\$1,807	\$287	\$215	\$71	\$190	\$ —	\$ 173	\$2,743	100	\$2,598	100
%—1983	66	10	8	3	7	—	6	100			
%—1982	71	11	8	2	2	—	6				
Asset Surplus (Deficiency)											
at December 31, 1983	\$ 11	\$ (46)	\$ (14)	\$ 6	\$ (6)	\$140	\$ (91)				
at December 31, 1982	\$ (218)	\$151	\$ (5)	\$ 2	\$ (4)	\$153	\$ (79)				

Interest Rate Sensitivity

In millions of dollars

	1983				1982			
	Rate sensitive	Fixed Rate		Total	Rate sensitive	Fixed Rate		Total
		Under 1 yr.	Over 1 yr.			Under 1 yr.	Over 1 yr.	
Assets								
Cash and bank deposit receipts	\$ 350	\$ 19	\$ —	\$ 369	\$ 365	\$ —	\$ —	\$ 365
Securities and other investments	6	2	125	133	18	20	114	152
Consumer loans	186	588	419	1,193	113	536	465	1,114
Commercial loans	431	213	323	967	354	198	345	897
Other assets	23	—	58	81	28	—	42	70
	\$ 996	\$822	\$925	\$2,743	\$ 878	\$754	\$966	\$2,598
	36%	30%	34%	100%	34%	29%	37%	100%
Deposits								
Demand	\$ 662	\$ —	\$ —	\$ 662	\$ 658	\$ —	\$ —	\$ 658
Time	273	—	—	273	275	—	—	275
Term	8	791	763	1,562	—	831	604	1,435
	943	791	763	2,497	933	831	604	2,368
Other liabilities	73	—	39	112	86	—	24	110
Preference shares	—	—	13	13	—	—	13	13
	\$1,016	\$791	\$815	\$2,622	\$1,019	\$831	\$641	\$2,491
	39%	30%	31%	100%	41%	33%	26%	100%
Asset Surplus (Deficiency)								
at December 31	\$ (20)	\$ 31	\$110	\$ 121*	\$ (141)	\$ (77)	\$325	\$ 107*

*Represents common equity

CORPORATE INFORMATION

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Head Office

625 Church Street
Toronto, Ontario
M4Y 2G1
Telephone (416) 925-1461

Auditors

Price Waterhouse
Chartered Accountants
Toronto, Ontario

Stock Exchange Listings

(Symbol: TG)
Toronto Stock Exchange:
Class A & B common,
preferred (all classes)
Vancouver Stock Exchange:
Class A & B common,
preferred (4½%, 10¼%, 7.5%)

Share Transfer Agents and Registrars

Guaranty Trust Company of Canada
Toronto, Montreal, Winnipeg,
Calgary, Vancouver
Bank of Montreal Trust Company
New York, N. Y.

Trustees

Senior Secured Debt—
The Royal Trust Company
Toronto, Ontario
Debentures—
The Canada Trust Company
Toronto, Ontario

DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS

JOHN P. BASSEL, Q.C.
Partner
Bassel, Sullivan & Leake
Barristers & Solicitors
Toronto, Ontario

ROBERT E. BETHELL
President and Chief Executive Officer
Canadian General Insurance Group
Toronto, Ontario

W. JOHN A. BULMAN
President
The Bulman Group Limited
Winnipeg, Manitoba

E. WALLACE FLANAGAN
President
Traders Group Limited
Calgary, Alberta

IRVING R. GERSTEIN
President
Peoples Jewellers Limited
Toronto, Ontario

ROBERT G. GRAHAM
President and Chief Executive Officer
Inter-City Gas Corporation
Winnipeg, Manitoba

WILLIAM A. HEASLIP
Chairman, President and Chief Executive Officer
Grafton Group Limited
Toronto, Ontario

ALAN R. MARCHMENT, F.C.A.
Chairman of the Board and
Chief Executive Officer
Traders Group Limited
Toronto, Ontario

FREDERIC Y. McCUTCHEON
President
Arachnae Management Limited
Toronto, Ontario

JAMES W. MCCUTCHEON, Q.C.
Partner
Shibley, Righton & McCutcheon
Barristers and Solicitors
Toronto, Ontario

E. LLEWELLYN G. SMITH
Chairman and President
E. D. Smith & Sons, Limited
Winona, Ontario

DONALD I. WEBB, F.C.A.
Financial Consultant
Toronto, Ontario

COMMITTEES

Executive

Chairman: James W. McCutcheon, Q.C.
J. P. Bassel, Q.C., I. R. Gerstein, R. G. Graham,
A. R. Marchment, F. Y. McCutcheon

Function: During intervals between meetings of the Board of Directors, the Executive Committee has all the powers of the Board except those powers that are required by legislation or Corporation by-law to be exercised by the Board itself.

Finance

Chairman: Frederic Y. McCutcheon
A. R. Marchment, James W. McCutcheon, Q.C.,
D. I. Webb

Function: The Finance Committee reviews and makes recommendations with respect to the Corporation's capitalization program.

Audit

Chairman: Irving R. Gerstein
J. P. Bassel, Q.C., W. J. A. Bulman,
James W. McCutcheon, Q.C.

Function: The Audit Committee reviews financial information intended for publication, and the adequacy thereof, before such information is submitted to the Board. It also reviews, on a continuing basis, control procedures in effect throughout the Corporation.

Pension Plans Trustees

Chairman: Alan R. Marchment
R. E. Bethell, F. Y. McCutcheon

Function: The Pension Plans Trustees review and make recommendations with respect to the funding of employee pension benefits, the selection of investment managers and funding vehicles, the investment return objectives and the investment strategies and performance for the Traders and subsidiaries pension plans.

Compensation

Chairman: James W. McCutcheon, Q.C.
W. J. A. Bulman, I. R. Gerstein, R. G. Graham,
A. R. Marchment

Function: The Compensation Committee reviews manpower planning and the performance of management personnel and makes recommendations to the Board concerning executive compensation.

OFFICERS AND SUBSIDIARIES' OFFICERS

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Executive Officers of the Corporation

TRADERS GROUP LIMITED

ALAN R. MARCHMENT, F.C.A.
Chairman of the Board and
Chief Executive Officer

E. WALLACE FLANAGAN
President

EDWIN W. AUSTIN, C.A.
Senior Vice-President
Finance and Administration

J. DOUGLAS DERBYSHIRE
Senior Vice-President

ROBERT W. CHISHOLM, C.A.
Vice-President
Controller

GEORGE E. WHITLEY, Q.C.
Vice-President
Secretary and General Counsel

Executive Officers of Subsidiaries

GUARANTY TRUST COMPANY OF CANADA

ALAN R. MARCHMENT
Chairman of the Board, President and
Chief Executive Officer

E. WALLACE FLANAGAN
Vice-Chairman of the Board

MICHAEL A. HASLEY
Executive Vice-President

Guaranty Properties Limited

ALAN R. MARCHMENT
Chairman of the Board

ERNEST BODNAR
President and Chief Executive Officer

CANADIAN GENERAL INSURANCE GROUP Canadian General Insurance Company Toronto General Insurance Company Traders General Insurance Company

FREDERIC Y. McCUTCHEON
Chairman of the Board

ROBERT E. BETHELL
President and Chief Executive Officer

Canadian General Life Insurance Company

FREDERIC Y. McCUTCHEON
Chairman of the Board

CHARLES P. FLOOD
Vice-Chairman of the Board

JACK W. ROBERTS
President

FINANCE GROUP

Trans Canada Credit Corporation Limited

ALAN R. MARCHMENT
Chairman of the Board

J. DOUGLAS DERBYSHIRE
President

Aetna Financial Services Limited

ALAN R. MARCHMENT
Chairman of the Board

J. DOUGLAS DERBYSHIRE
President

HOLDINGS AND BANKERS

HOLDINGS IN CONSOLIDATED SUBSIDIARIES
December 31, 1983

	Effective % held by Traders
Trust Company	
Guaranty Trust Company of Canada	99.8%
Guaranty Properties Limited	99.8
Finance Group	
Trans Canada Credit Corporation Limited	100.0
Trans Canada Credit Realty Limited	100.0
Traders Finance Corporation (1966) Limited	100.0
Traders Finance Corporation (1976) Limited	100.0
Aetna Financial Services Limited	60.0
Traders Finance S.A. and subsidiaries	100.0
Insurance Group	
Canadian General Insurance Company	99.4
Toronto General Insurance Company	98.9
Traders General Insurance Company	99.5
Canadian General Life Insurance Company	98.1

BANKERS

In Canada

- Bank of British Columbia
- Bank of Montreal
- Canadian Imperial Bank of Commerce
- First National Bank of Chicago (Canada)
- National Bank of Canada
- Swiss Bank Corporation (Canada)
- The Bank of Nova Scotia
- The Mercantile Bank of Canada
- The Royal Bank of Canada
- The Toronto-Dominion Bank

In the United States of America

- AmeriTrust Company
- Manufacturers Hanover Trust Company
- Manufacturers National Bank of Detroit

PERSONNEL AND LOCATIONS

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GUARANTY TRUST COMPANY OF CANADA

MICHAEL A. HASLEY
Executive Vice-President

Branch Operations

625 Church Street
Toronto, Ontario

WILLIAM J. PERKINS
Senior Vice-President

Toronto Main Region

366 Bay Street
Toronto, Ontario

M. J. BROADBENT
Regional Vice-President

Ontario East and Quebec Region

109 Bank Street
Ottawa, Ontario

D. K. BOGERT
Regional Vice-President

Ontario Central Region

625 Church Street
Toronto, Ontario

A. R. MITCHELL
Regional Vice-President

Ontario West Region

305 Victoria Avenue
Windsor, Ontario

R. A. THOMPSON
Regional Vice-President

Ontario North, Manitoba and Saskatchewan Region

105 Durham Street South
Sudbury, Ontario

E. D. SKUCE
Regional Vice-President

British Columbia and Alberta Region

800 West Pender Street
Vancouver, British Columbia

P. H. HEBB
Regional Vice-President

Consumer Lending

625 Church Street
Toronto, Ontario

REIN W. CRECELIUS
Senior Vice-President

R. C. Hodges
Vice-President

T. R. Carnegie
Assistant Vice-President
Eastern Zone

J. W. Howell
Assistant Vice-President
Western Zone

J. A. Farrer
Assistant Vice-President

R. S. B. Barlow
Assistant Vice-President
VISA

Corporate Lending

625 Church Street
Toronto, Ontario

WILLIAM L. COCHRANE
Senior Vice-President

S. D. Arnott
Vice-President

R. S. Campbell
Assistant Vice-President

L. L. Clinesmith
Assistant Vice-President

D. J. Davison
Assistant Vice-President

A. B. Duff
Assistant Vice-President

W. J. Ferguson
Assistant Vice-President

J. F. Johnston
Assistant Vice-President

E. Nutter
Assistant Vice-President

J. S. Ridout
Assistant Vice-President

Trust and Investment Services

625 Church Street
Toronto, Ontario

E. AUSTIN FRICKER, C.A.
Senior Vice-President

Corporate Trust Services

G. A. Morin
Vice-President

W. E. Brolly
Assistant Vice-President
Transfer Services

P. E. Evenden
Assistant Vice-President
Pension Services

P. D. Thomas
Assistant Vice-President
Pension Services

M. MacGirr
National Manager
Corporate Trust

C.I.R. Communications Inc.

D. R. Warren
President

Personal Trust Services

T. A. W. Duncan
Vice-President

K. Drabble
Assistant Vice-President
Personal Trust Services

D. J. Sutton
Assistant Vice-President
Personal Trust Services

W. Drummond
National Manager
Investment Fund
Services

Investments

P. A. Spark
Vice-President

Guaranty Properties Limited (subsidiary)

625 Church Street
Toronto, Ontario

ERNEST BODNAR
President and
Chief Executive Officer

S. M. Schaffran
Vice-President

J. Armstrong
Regional Manager

Western Region

156 Victoria Trail
Shopping Centre
550 Clareview Drive
Edmonton, Alberta

C. J. Small, C.A.
Vice-President

Property Management

625 Church Street
Toronto, Ontario

R. A. Steeves
National Manager

Real Estate

625 Church Street
Toronto, Ontario

THOMAS R. MERRICK
Vice-President and National
Manager

G. McWilliams
Manager
Relocation Services

**TRADERS GROUP LIMITED,
FINANCE GROUP****Trans Canada Credit
Corporation Limited**625 Church Street
Toronto, Ontario**J. DOUGLAS DERBYSHIRE**
PresidentGarnet H. Greenfield
Senior Vice-PresidentA. M. Cline
Vice-President*Quebec Region*Suite 540
3 Place Laval
Laval, Quebec**J. Dunberry**
Vice-President*Western Region*2426A Douglas Crescent
Post Office Box 3188
Langley, British Columbia**T. L. Sallenbach**
Assistant Vice-President*Ontario Region*Suite 401
703 Evans Avenue
Etobicoke, Ontario**J. E. Van Leeuwen**
Assistant Vice-President*Eastern Region*Suite 711
6080 Young Street
Halifax, Nova Scotia**R. A. Wilson**
Assistant Vice-President**Aetna Financial Services
Limited**4150 St. Catherine Street West
Montreal, Quebec**J. DOUGLAS DERBYSHIRE**
President**CANADIAN GENERAL INSURANCE GROUP**170 University Avenue
Toronto, Ontario**ROBERT E. BETHELL**
President and
Chief Executive Officer**L. Bernard Bowden**
Senior Vice-President**Thomas W. Winnett, C.A.**
Senior Vice-President**Canadian General
Insurance Company**170 University Avenue
Toronto, Ontario**David G. Robinson**
Senior Vice-President*Western Region*Suite 800
10010 - 106th Street
Edmonton, Alberta**F. J. Melenka**
Regional Manager*Ontario Region*170 University Avenue
Toronto, Ontario**A. M. Griffin**
Regional Vice-President*Quebec Region*Place Sherbrooke
Suite 400
1010 Sherbrooke Street West
Montreal, Quebec**M. Laramée**
Regional Manager*Atlantic Region*Suite 808
6080 Young Street
Halifax, Nova Scotia**A. G. Hunter**
Regional Manager**Canadian General Life
Insurance Company**Post Office Box 918
Suite 702105 Main Street East
Hamilton, Ontario**CHARLES P. FLOOD**
Vice-Chairman
of the Board**Jack W. Roberts**
President and
Chief Executive Officer**Toronto General
Insurance Company***Reinsurance*170 University Avenue
Toronto, Ontario**Keith J. Holland**
Executive Vice-President**Traders General
Insurance Company**170 University Avenue
Toronto, Ontario**Victor G. Hibbs**
Vice-President*Ontario Region*170 University Avenue
Toronto, Ontario**M. Singleton**
Manager*Quebec Region*Place Sherbrooke
Suite 3101010 Sherbrooke
Street West
Montreal, Quebec**M. LeMay**
Manager

SERVICES

Guaranty Trust Company of Canada

Consumer

Savings and Chequing Accounts
 Daily Interest Savings
 GT60 Savings
 U.S. Dollar Daily Interest Savings
 Time Deposits
 Guaranteed Investment Certificates
 Guaranty Option Certificates
 Guaranty Service
 GT60 Service
 Safety Deposit Boxes
 Travellers Cheques
 First and Second Residential Mortgages
 Consumer Loans, including Investments Loans
 VISA
 Registered Home Ownership Savings Plan
 Registered Retirement Savings Plans
 Registered Retirement Income Funds
 Investment Funds
 Investment Management and Custody
 Estate and Trust Administration
 Estate Planning
 Personal Financial Planning
 Oil and Gas Royalty Trusts
 Family Trusts
 Cougars

Corporate

Builder Loans and Take-out Mortgages
 Corporate Term Loans
 Fixed Asset Financing
 Manufacturer Floor Plans
 Commercial Mortgages
 Automobile Inventory and Lease Financing
 Pension Investment Management
 Master Trust and Custodial Services
 Employee Benefit Administration
 Corporate Trust Services
 Stock and Bond Transfer Agent and Registrar

Real Estate

Real Estate Sales
 Industrial, Commercial and Investment
 Home Relocation Services
 Appraisals

Guaranty Properties Limited

Land Development
 Investment Properties
 Property Management
 Real Estate Sales

C.I.R. Communications Inc.

Shareholder and Investor Relations

Traders Group Limited

Finance Group

Personal Loans
 Sales Financing Plans
 Mortgages

Canadian General Insurance Group

General Casualty Insurance for Automobiles
 and Properties
 Individual and Group Life Insurance
 Sickness and Accident Insurance



Traders Group Limited
625 Church Street
Toronto, Ontario M4Y 2G1